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INTERNATIONAL SECURITY IN A CHANGING GLOBAL ORDER

EDITED BY ALEX MORRISON

THE CANADIAN INSTITUTE OF STRATEGIC STUDIES

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CHANGING GLOBAL ORDER

THE CANADIAN INSTITUTE OF STRATEGIC STUDIES

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Edited and with an Introductory Note
by ALEX MORRISON

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INTERNATIONAL SECURITY IN A
CHANGING GLOBAL ORDER

ALEX MORRISON, EXECUTIVE DIRECTOR, CISS

INTRODUCTORY NOTE: INTERNATIONAL SECURITY IN A CHANGING GLOBAL ORDER

Since the last CISS seminar, **The Canadian Strategic Forecast: 1990**, held in November of 1989, world events have continued to move forward at a pace at which we all still marvel.

The collapse of the Berlin Wall, the insistence of the people of Eastern Europe that their countries escape from the strictures of the Soviet Empire, the realization by the West that the Soviet President Gorbachev is marching daily to the Western agenda, all of these combine to ensure that the world will continue to unfold as it should, but much faster than any of us had heretofore thought possible.

A united Germany and the declarations of independence by the Baltic republics have caused a reassessment in Western capitals of the practical implications of the political, rhetorical statements which have been issued with such regularity for almost fifty years. There are those who now realize that the political wishes expressed when there was not the slightest chance that they would come to fruition have a practical price which must be paid.

Christopher Donnelly, NATO Headquarters Sovietologist-in-Residence, told the audience in November that the future would hold 'an obvious diminution of the (Soviet) threat.' But he aiso cautioned that as the Soviet military strength as a whole, and particularly in Eastern Europe declined, there would be a rise, and perhaps a greater proportionate rise, in instability in Eastern Europe.

It is clear to many of us that the present Eastern European system of seeming to formulate government domestic and foreign policy in the town square of a Monday night cannot become a permanent feature of political life. Sooner

or later, the governments will have to begin to govern. That means taking measures which will not be popular with all of the people all of the time and will mean an increase in domestic tensions with which the governments will have to deal.

The Soviet Union continues to experience ever-increasing economic difficulties. As Mr Gorbachev proceeds with his twin programmes of *perestroika* and *glasnost*, he will find himself turning more and more to the West for assistance.

The NATO policies of openess and democracy have paved the way for the present events in the whole of the Soviet Empire. It is precisely because the NATO nations have stood firm and have tried, by example, to spread democracy, that the Soviet Union has reached this stage in its development.

Canadian foresight in insisting on the inclusion in the NATO Charter of Article 2 — 'The Canadian Article' is at last achieving results. Article 2, which calls on the 16 member nations to foster greater economic and political co-operation and initiatives, and to promote conditions of stability and well-being, is being seen increasingly as the part of the Charter which will be the basis for the future of NATO. It will provide for the Alliance the new outlook and structure it must evolve to meet the challenges and opportunities of the changing global order.

Notwithstanding that there is general agreement that Canada can, and must, do more, there is also general recognition that Canada is a major player on the world stage. We are the fifth largest contributor to the whole of the United Nations system, we invented peacekeeping as it is now practised, we are at the forefront of the fight against apartheid, and we belong to the G-7.

The future of the Soviet Union belongs in the hands of Mr Gorbachev. The overriding question is whether he will be generous enough to allow the Soviet people to advance in the direction of democracy at the pace they prefer or whether he will, by his procrastination, indecision or forceful actions, cause another civil war.

Declarations of independence by the Baltic republics have caused Canadians and the Canadian government to take a fresh look at our policies. It is one thing to say repeatedly that Canada does not recognize Soviet occupation of Lithuania, Estonia, and Latvia. It is quite another to be faced with a situation wherein one now has to live up to the implications of those statements. Voices saying that the response of the Canadian government are not as strong as they should be and that we are not supplying the peoples of the Baltics the practical aid they deserve are increasing in volume and in intensity, and rightly so.

The Soviet Union faces challenges not only from the Baltic republics but also from restive Central Asia, the Ukraine, and most recently the Russian republic

itself with the election of Boris Yeltsin as that republic's president. How Gorbachev can integrate the Union's own changing political dynamics within the overall context of Soviet security concerns in Europe will continue to be one of the key issues that must be addressed.

The 'Open Skies' conference about which we were briefed by Peter Jones at the November seminar was held in Ottawa from February 12 to 28. The idea of 'Open Skies' was first proposed by American President Eisenhower in 1955 and was brought once again to the fore by American President Bush in the spring of 1989. The basic idea behind the concept is that aircraft of countries of the Warsaw Pact would be permitted to fly over the territory of NATO nations and vice versa. Such overflights would contribute to international confidence-building and would inspire and create mutual trust and eliminate suspicion.

'Open Skies' was given a boost when Prime Minister Mulroney indicated to the American President that Canada would be willing to host a conference to discuss arrangements for a treaty. Plans proceeded quickly and led to the February Ottawa conference.

Initially, the process was seen as involving two stages. The first was the Ottawa conference and the second and concluding stage was to be a meeting in Budapest, Hungary at the conclusion of which a treaty would be signed. In the event, matters did not transpire in that fashion. The Ottawa conference was a success — for a number of reasons. It was only the second time NATO and Warsaw Pact foreign ministers had met in combined session. It presented a unique opportunity for the new Eastern European ministers to meet with their Western counterparts, for impressions to be formed, for opinions to be exchanged, and for future plans to be outlined.

The 'Open Skies' conference also provided the backdrop against which the foreign ministers discussed conventional force reductions, the CSCE process and dealt with the rapidly-developing German unification question.

The 23 ministers agreed that they would issue instructions to their conventional-force negotiators in Vienna to speed up the pace of the talks with a view to concluding a treaty before the end of 1990. There was also a recognition that the verification of a conventional force agreement constituted a formidable obstacle to be overcome.

They further agreed, in principal, to the holding of a summit meeting of the 35 leaders of the members of the Conference on Security and Co-operation in Europe.

Discussions at the ministerial phase of the 'Open Skies' conference quickly indicated that the movement toward democracy by the Eastern European coun-

tries would mean an abandoning of the previous practices under which all of the former Soviet colonies would adhere to the Soviet line without hesitation. On most questions, there was a 22 to 1 split, with the Soviet Union being isolated.

Notwithstanding, the conference was able to agree unanimously on a communiqué which emphasized the following points:

- a recognition that an 'Open Skies' treaty 'would strengthen confidence. . . , reduce the risk of conflict, and enhance the predictability of military activities of the participating states.'
- a treaty would aid arms control and disarmament.
- 'Open Skies' could have applicability in other areas (perhaps 'Open Seas, Open Lands'?).
- Reciprocity and equality would be the watchwords of the implementation of the treaty.
- Other countries may be able to join the 'Open Skies' régime at a later date.

The Budapest conference did not proceed as well. The Soviet Union was more isolated than ever and would not agree with the other 22 participants on the more important issues. At the end of the time in Hungary, many observers were predicting that a treaty would never be signed. However it is now apparent that Canadian requests to Mr Gorbachev during his visit to Ottawa and to President Bush that the subject be discussed at the May-June American-Soviet summit in Washington were heeded. The result is that the American and Soviet leaders have agreed to give the process impetus.

It was in Ottawa at this time that the now-famous two-plus-four formula for future negotiations concerning German unification was agreed, but not without some 'frank and candid' comments by other participating countries when they realized that the formula had been agreed without reference to them.

The arithmetical formulation two (Federal Republic of Germany, German Democratic Republic) plus four (United Kingdom, United States, France, Soviet-Union), is designed to yield a result of one. The one has many meanings. It refers to one Germany achieved from the absorption of the German Democratic Republic by the Federal Republic of Germany. It refers to the one Europe that will be created. And it can also refer to the one secure, peaceful world that we hope to create.

Canada has an interest in these discussions for a number of reasons. First, our contribution to the Allied victory in the Second World War was out of all proportion to the size of our population. When one considers the land mass over which that population was spread, our contribution becomes all the more

commendable. At the end of the Second World War, Canada was the fourth largest military power in the world and only two countries were ahead of Canada in the economic field. For those reasons, it is perhaps understandable that some Canadians, politicians and government officials among them, consider that Canada ought to be more intimately involved in any negotiations concerning the future of Europe.

With its critical and crucial contributions in many areas during the Second World War, and continuing post-1945 with its membership in the NATO defensive alliance, Canada has played a large and important part in creating the conditions necessary to bring about the present favourable situation in Europe. The size of the present Canadian contribution to NATO is not at all in a favourable ratio to our contribution of 1939-1945. But the Canadian Armed Forces component of our NATO commitment is a practical manifestation of our political will to continue to do whatever is necessary to preserve security, peace and stability, and to prevent insecurity, conflict and instability.

The Armed Forces must continue to be stationed in Europe. Only such a course of action will ensure that Canada maintains a strong voice in the negotiations on the future of the Western Alliance. Only such a course of action will ensure that Canada will be able to meet the challenges of 1992 when the countries of the European Economic Community become even closer in their relationships with one another.

While our present attention is on Europe, it is prudent to recall that in mid-1989 we were occupied with events in China. In the interim, our euphoria over liberalization in Eastern Europe and concerns about German unification and Baltic independence have turned our attention away from a region that will continue to be of enormous importance to Canada.

Apart from strengthening Canadian ties with Asia coming about through increased immigration, it is good to remember that the value of our exports to Asia continues to surpass that of Europe and is second only to our exports to the United States. While Japan has long been recognized as an economic superpower, the ranks of the 'Four Tigers,' Singapore, South Korea, Taiwan, and Hong Kong, are now joined by the newly industrialized ASEAN nations of Thailand and Malaysia. But along with the rapid growth of regional economies are notable increases in the defence budgets of many of these Asian nations. While the amount spent on defence has kept pace with national perceptions of security concerns, it may be time to examine the underlying basis of Asian security.

China remains the dominant regional power, although it is being challenged increasingly by India. The events of June 1989, and subsequent actions by the

Chinese government, have ensured that China continues to receive negative publicity. We should not forget that while political factionalism and succession struggles may characterize China's domestic environment in the short term, during the height of the turmoil of the Cultural Revolution in the 1960s and 1970s, the Chinese were able to maintain a directed foreign policy and sustain an enormous war effort in Vietnam.

The apparent foreign policy and economic marginalization of the Asia-Pacific region as a whole by the West is a trend that deserves serious reconsideration. Canada must ensure that it nurtures a consistent pro-active diplomatic presence in Asia that recognizes our increasing economic interests and cultural ties with the region. Overall, our strategic interests in the Asia-Pacific region lie in ensuring that the general balance of security which has existed for almost five decades remains undisturbed.

Not too long ago, the Ambassador of an Asian country to the United Nations told me that from the Asian point of view Canada seems to discover Asia once every ten years or so, maintains this interest for a very short period of time, and then forgets about it for another ten years. It is our hope that in the near future, the Canadian Institute of Strategic Studies will be in a position to launch a multi-year, interdisciplinary study of the Pacific region aimed at increasing and maintaining Canadian and Pacific mutual education and action.

It is time for Canada and Canadians to shed our shyness. We ought to be much less backward about coming forward. We must be much more realistic about our achievements.

Of course, we must realize that if we are to preach, we must also practise.

Canada must cease reneging on international commitments and pledge to resume contributing our fair share to international peace and security.

Canada must increase its level of foreign aid as a percentage of GNP to the United Nations recommended level, a goal which we have long embraced but have never achieved.

We must recognize and accept that it is the first duty of any government to provide for the security of its citizens, including military security.

We must, at the very least, be able to exercise sovereignty over the waters, land, and air space that we claim as our own, that we call Canadian. If we are incapable of carrying out that most basic function of national independence, then others will do it for us. If that happens, we will not be a sovereign nation, merely a protectorate.

From a reading of the presentations on the subject of **International Security in a Changing Global Order**, two things are abundantly clear. First, international

security will continue to be a topic of continuing and increasing importance. The definition of security may alter and may be enhanced. Its traditional components will and must remain, but in changing proportions. The national decision concerning how resources are allocated to each part of the definition must be the outcome of a rational process involving all interested parties.

Second, the global order will continue to change. Countries must be prepared for this and must ensure that they have in place mechanisms for anticipating events and for formulating contingency plans.

As its contribution to this process of national education and preparation, the Canadian Institute of Strategic Studies will continue to sponsor its twice-yearly seminars in order to inform the governmental leaders and citizens of Canada on matters of national strategic importance. The autumn seminar will continue under the title **The Canadian Strategic Forecast**, and will examine past events and speculate on future trends. The spring meeting will focus on a specific topic of strategic interest.

ALEX MORRISON, EXECUTIVE DIRECTOR, CISS

OPENING REMARKS

Welcome to the Canadian Institute of Strategic Studies annual spring seminar: **International Stability in a Changing Global Order**.

Six months ago when we set the subject of today's seminar, we tried to choose a topic that would not be overtaken by the pace of events. Our wording seems to have survived well.

Our speakers today hail from mixed environments and bring a wide range of knowledge for our education. Each is looking forward to the lively question and answer exchanges that have come to be such a highly regarded part of the CISS seminars.

I would like to acknowledge the aid of the Canadian Institute for International Peace and Security, NATO Headquarters (Information and Publications Division), and the Disarmament Fund of the Department of External Affairs and International Trade.

You will notice many high school and university students in our audience today. Their presence and participation in our Student Seminar Sponsorship Programme is made possible by the organizations I have just thanked and also through the kindness of many of our members. This Student Seminar Sponsorship Programme is part of our ever-expanding effort to help students become more aware of the international scene and the place of Canada in international affairs. We have many more students anxious to improve their knowledge than we have funds for, and thus we ask your support for this worthwhile activity.

The CISS Intern Programme is another recent activity generating more interest among university and senior high school students. Under this programme, students are employed at the CISS in a variety of activities designed for mutual education and benefit. We are currently seeking sponsors for the CISS Intern Programme and solicit your support.

I would like to acknowledge a very substantial gift in kind from Mr Jack Crean, a long-time CISS member. He has generously donated his extensive periodical library which will be of much use to our researchers and to the students and members of the general public who make extensive use of our facilities. It is the hope of Mr Crean and of the CISS that his example will inspire others.

I am also pleased to announce that Mr John Harbron, respected Canadian journalist and strategic analyst, and also a member of the CISS executive for many years, has agreed to serve as a Senior Research Fellow of the CISS. Major-General (Retired) Prem Prakash Subherwal, recently retired after a most distinguished career in the Indian Army and now Managing Director of McNally Bharat Engineering Company Limited of Calcutta, India has agreed to serve as an International Research Fellow as has Dr Hans Bernhard Pfannenberg of the Federal Republic of Germany, a former East German diplomat. Mr. Peter Jones, an expert in the 'Open Skies' concept and one of the key Canadian government officials involved in the whole process, soon to graduate from the Ph.D. programme of King's College, London, has agreed to serve as a CISS Senior Research Fellow. Further, Mr Peter Haydon, Naval Affairs specialist engaged in post-graduate studies at Dalhousie University has agreed to serve as a CISS Senior Research Fellow. We welcome them and look forward to their participation in the research activities of the Institute.

As you listen today to our speakers, we hope that you will contemplate the implications for Canada of their presentations.

What should be the Canadian strategic policy and position in each of the areas under discussion?

What are the strategic options the government should be formulating and considering?

How can these strategies best be presented to the government and discussed by Canadians?

What effect can Canada have on world events?

What should be our contribution to international security in its widest sense?

I know you will have other areas of concern to discuss as well.

Before I call on our first speaker, I should like to remind you that the autumn seminar, **Canadian Strategic Forecast: 1991,** will be held on Thursday, 8 November, 1990, in Toronto.

JUERGEN DEDRING

THE ROLE OF THE UNITED NATIONS

Alex Morrison

The lead speaker for our **International Security in a Changing Global Order** seminar is Dr Juergen Dedring who is Senior Political Affairs Officer in the office of the United Nations Assistant-Secretary-General for Research and the Collection of Information (ORCI). Dr Dedring's direct responsibilities are in the areas of conceptual and methodological studies regarding data-gathering, co-ordination of relevant research in the UN system and maintaining contact with appropriate world-wide UN-related research activities.

Dr Dedring is a graduate of Freie Universitat, Berlin, and of Harvard University (A.M., and Ph.D.). He has taught at both institutions, at Dartmouth College, and is currently an Adjunct Professor at Long Island University. Among his recent publications are *Recent Advances in Peace and Conflict Research* (Sage), and 'Toward Appropriate Peace Research' in *Peace and Change* (May 1981).

A member of the United Nations Secretariat since 1972, Dr Dedring began his UN career with the United Nations Institute for Training and Research, and later joined the Department for Political and Security Council Affairs. The procedural papers and analytical studies he has prepared for various Secretaries-General include 'Repertoire of Practice of the Security Council' and 'Repertoire of Practice of United Nations Organs'. He also served as Secretary to the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine refugees in the Near East (UNRWA).

During my six years as a member of the Permanent Mission of Canada to the United Nations, Dr Dedring was a valued colleague. His extensive theoretical and practical experience qualify him immensely to speak to us on 'The Role of the United Nations.'

Dr Dedring

The topic that was given for this presentation is a rather uncomfortable one. We have heard some introductory remarks on Canadian security and international security. Coming from the United Nations it is quite clear that whatever the impact of the current changes may be, it will not involve the United Nations in a sense that is traditionally focused on security issues. The desire for stability that we see articulated again and again at this moment is understandable, because what we see in the future is not stability, but a high level of instability.

Some two years ago, before all of this erupted, a major American political scientist published a new textbook titled *Turbulence in World Politics*, and that is what we have come to. We are in a situation which can only be characterized as turbulent. The implications for the international system, especially the United Nations, are major, although we are not yet able to put our finger on something and say 'This is where the problem will arise.' It is not even enough to say that we are at the point where turbulence is a characteristic of the current situation in international relations, but based on some of the work that we are trying to do in the Office for Research and the Collection of Information, to which I have belonged since 1987, the attempt to gaze into the future indicates clearly that the impossibility of making accurate assessments about the future will be with us for quite a while. That means that the evolution of the system is subject to unforeseeable events.

When developments came to the unbelievable outcome regarding the Berlin Wall and the changing relationship between the two German states, I was struck by the fact that not a single expert had been able to anticipate what happened, either in the German Democratic Republic or in the relationship between the two German states, and the implications of that. This fact of the inability of high-quality experts, including the current Ambassador to the United Nations of the Federal Republic of Germany, who had served as the representative of the Federal Republic in East Berlin for some ten years, to forecast such changes is telling us something very important.

It is a truism that the United Nations and the Secretary General are not only following the developments, but are greatly concerned about what is happening and the eventual outcome. The joy that was felt in Germany, in Europe and the rest of the world about the opening up of closed societies in Eastern Europe has to be mixed with the fear about the implications of those events. We have to put those into focus early enough in order to be able to react to the developments when they occur. Preparedness, not in the military sense, but preparedness in the futuristic sense is ultimately what *a priori* we have to look for.

The areas that Alex Morrison indicated are of special concern were Europe, Eastern Europe, the Soviet Union and China. These are all very delicate subjects, especially for somebody working for the United Nations which remains a society of sovereign nations, with all that that implies for people working in the Secretariat. But I will try to be fair and open, and I will try to ignore this very rigid limitation under which I operate. You will forgive me if I make some remarks which may not be quite appropriate for me in my role of an international civil servant.

I have mentioned that what is happening in Europe is definitely cause for joy. But at the same time — and this is where the UN concern comes into the picture — we must focus on the likelihood of volatility in the changing relationships in Eastern Europe and in Europe as a whole. Efforts towards stability in Europe must head the agenda for the next five to ten years. As for the German situation, the unification of the two German states is absolutely inevitable. The result of that change in the centre of Europe is not, at this point, quite within the focus of the international community. We had the pleasure in a meeting between the West German Ambassador and the West German staff members in the United Nations of hearing a discussion of about an hour and a half with regards to the steps to be taken to, as Willi Brandt said, 'bring together what belongs together,' namely the two German states.

There are the most amazing difficulties, down to the most basic administrative details, where we have to reconnect. There is no magic glue that can be used. It has to be done by endless numbers of negotiations, by financial means and economic support structures that have not been seen for many years, although the Marshall Plan from after the Second World War has been brought in for comparison. I have talked with some of my colleagues from the other side, from the GDR, and you can see in their case a deepening worry that achievements, which are legitimately theirs in East Germany, will be thrown out the window as this connection takes place. It is not an annexation process. I think that is a mistaken conception. But nevertheless, what is happening will, I think, result in considerable residual resentment and regret within the population of what is now the German Democratic Republic.

I would be surprised if this process, over the next five to ten years, were harmonious and non-conflictive. The kind of direction that we see evolving shows that resentment of the sort that is developing in the eastern part of the German population will sooner or later emerge in radical political movements or other ways of expressing the popular will, and you never know where that will turn. One of the issues that is very unnerving has been the unwillingness of certain

leaders in the Federal Republic of Germany to make certain announcements with regard to the finality of the Oder-Neisse line betwen what is now the GDR and Poland. The fact that this is not clearly spelled out at this point gives me concern that some national issues might re-emerge sooner or later in something more than just a minor side-show. Who knows what result this might have in the evolving European situation?

Moving off the German question, I further see that the signals at this point are all green to go to 1992, with Germany willing to implement the full economic community. But as we get closer to 1992, with the likelihood of all German elections being held in 1991, it is not so self-evident that there will be the political will to move straightforwardly into this European Community formation, or whether there will be delays or derailment. One must be aware of political changes that might bring this kind of shift in direction.

Having said this, the concern furthermore is how Europe is going to look as an economic-political-security community. For weeks now we have heard about the battle between the United States and the Soviet Union — that the new Germany must belong to NATO while the Warsaw Pact dies, or that there will continue to be Soviet troops in East Germany while the western part continues to belong to NATO. What are the implications for Europe as a whole if there is no real logic in some of these security structures that are being proposed? I can see some very interesting and very troubling questions emerging. These are now before the Secretary General and the United Nations. Awareness of the problems is quite high.

We can spin out the implications further. In Eastern Europe one may see ethnic rivalries, socio-economic troubles. Religious and border problems are becoming more and more evident. The newspapers all tell us the same story. We think it is 1990 but it seems that we are going back to 1914 or 1910 by the attitudes shown by people in those areas where suddenly the oppression of years has been lifted, and long-standing notions re-emerge — whether it is between Hungary and Romania, between Bulgaria and Turkey, between the Soviet Union and Romania, the problems of the Baltic states. This all shows the same trend — a rerun of earlier problems in a military and international situation that is very different from the old pattern, so that we don't know where it will take us.

Those problems, looked at in detail, will give us some indication of the difficulty in making assessments that will give us comfort over the next five to ten years.

As for the Soviet Union, it is very difficult to assess what is going on. The ability of the United Nations to affect the evolving situation in the Soviet Union

is minimal, to put it mildly. After all, sovereign states are responsible for the well-being and security of their citizens. The Soviet Union is a sovereign state. What can the United Nations, what *ought* the United Nations do about turbulence within Soviet Union? But we all know it is happening and we all have fear for what it may mean not only for the Soviet future, but also for European and international stability.

The problems can be put on the table quite clearly and with considerable imagination. Let us add China so that we see that all problems are clearly identified. The differences between the Chinese problem and the problem of the Soviet Union are quite self-evident. In the case of China we have seen that for internal reasons a decision was taken to turn inward again, to diminish its relationships to outside communities. Since China in terms of population and regional importance and in the United Nations is a very major player, this turning away from the international community and the self-righteous inward focus is also a signal for trouble for the international system and for regional relationships in Eastern Europe.

Let me now focus on some of the ideas and instruments that the United Nations has available in order to tackle these amazing changes in the international system. We had recently at the Ralph Bunche Institute in New York a session on 'Can the United Nations cope with these amazing changes?' That is a very legitimate question. We walked out of that session feeling unsure that the United Nations as an organization will be able to cope.

Take the organs we have in the United Nations. The Security Council, for the maintenance of peace and security, is the logical choice to bring into troubled situations. Will the present composition of the Security Council — and Canada is a member right now and is well represented — and its past record allow it to restore peace and stability in Eastern Europe, or in Asia, or in China? It can always issue an appeal for a cease-fire. It has done so in the past. It can adopt a resolution providing suggestions as to what to do in order to overcome a particular confrontational situation. It can send fact-finding missions, missions of enquiry, under the Charter. That would be a very concrete step.

The now traditional behaviour of the Security Council is to react to international events, but if it moved somewhat beyond this it could go into trouble areas *before* the violence erupts. Preventive diplomacy conducted by the Security Council is an option. In view of the volatility and turbulence in the system that is evolving, I think we should try to activate this kind of involvement. The Council is a suitable organ. It is small, with only 15 members. It is high level and the people working in it are animated. Although this idea has not been tried

before, it might just work and might help tremendously in this rather turbulent future that we are entering.

The General Assembly can discuss, can adopt resolutions, but it really doesn't matter that much. However, a very very significant tool is in the Secretary General himself. In terms of the evolving role of the Secretary General over the last 30 years, beginning with Dag Hammarskjold and all the way to the current incumbent, there is the ability through his network of relations and contacts, through the exercise of good offices, and through the application of quiet diplomacy to enable the Secretary General to affect a lot of the problems that I have anticipated or that I have indicated as likely to emerge, without necessarily suffering a defeat or being shown as an ineffective player. We cannot expect any miracles, but this subtle very delicate involvement is working in Afghanistan, is working between Iran and Iraq, is working in Central America, in the western Sahara and Cyprus, even in the Middle East and Cambodia. This involvement is of potential utility, even in Europe, even in internal situations in the Soviet Union, and maybe even in the case of China which is now so isolated once again.

Beyond that there are structures, observation points, and machinery of the United Nations in all of these areas. There is the Economic Commission for Europe located in Geneva. It has recently become a new gathering point for the European states, disregarding old ideological divisions, because they are looking for a place where they can meet and discuss their problems. In that sense an institution such as the Economic Commission for Europe suddenly becomes the relevant constellation in this future situation.

We also have very strong groupings within the United Nations: the European group, the Western group, and others. These are informal bodies of representatives who have common concerns and a common purpose and thereby can go to the Secretary General, or he can come to them, for a discussion of what can be done *now* so that it won't be too late when it happens.

On the environment, although it is very late, we are starting to do something within the United Nations system.

So these capabilities exist, and the question that arises is what are the formal limitations for the involvement of the United Nations in trouble spots, the number of which seems to be growing daily.

One of the big limitations which has been alluded to is the question of national sovereignty. Article 27 in the Charter does not allow the United Nations to interfere in matters of domestic jurisdiction. This is a considerable barrier to the subtle exercise of good offices of the Secretary General, because a government can always say that United Nations involvement stops at the frontier. Thus Article

27 is a very powerful barrier against the United Nations becoming involved in some of these very difficult issues.

I emphasize this in particular because a lot of the volatility that I have talked about is arising in what we consider domestic issues, internal matters. The inability of new governments in the next five to ten years to fulfill the rapidly rising expectations of their citizens is a matter that will result in riots, in disturbances. Yet what can be done about it? Even with the best of good will, the Secretary General, or whoever else will be speaking for the international community, cannot breach that kind of a wall unless invited. How often do governments invite someone from the outside to come in when trouble is brewing? Not very often. These limitations have to be clearly seen.

Let me summarize and conclude at this point. I am not prophesying Doomsday. But I am saying that while we all wish to move into a more stable future, I think the indications are that the future will be highly volatile and highly troubled. It won't be any better than the past, although it will be very different. On the other hand, it probably won't be any worse. We must be aware that instability will be a basic quality of that future.

Secondly, while governments emphasize their own sovereignty — and I do not deny the suitability of that kind of focus — we have to realize that interdependence isn't just a slogan. Whether the problem is the environment, availability of resources, employment, the movement of people and refugees, issues that are centrally important for governments, these are no longer accessible to purely domestic solutions. These are transnational problems. As the number of issues in the future that have this transnational quality is increased, the ability of governments big and small to affect them appropriately is diminishing.

Having said this, the question is where do we turn as an alternative? The resurgence of the United Nations that we have seen in the last three or four years, after the terrible financial crisis that caused it to become almost bankrupt, is an indication not so much of its performance but of the growing recognition internationally that, because issues are more and more transnational, we need organisms, structures and machinery that will be able to comprehend and encompass these issues as they emerge. In that sense, the United Nations, while not equipped with magic formulae to resolve these emerging problems, is the most logical place, as a multilateral structure, to articulate these issues, and by articulating them to advance ideas for their solution. Co-operative structures will be best articulated in multilateral fora, of which the United Nations is still the foremost. With this awareness, with this firm knowledge, we are better equipped to step into a future that for both the international community and for the states and regions is bound to be a troubled period.

PARVEZ HASAN

IMPLICATIONS FOR INTERNATIONAL FINANCIAL INSTITUTIONS

Alex Morrison

Our next speaker is Dr. Parvez Hasan, Chief Economist: Europe, Middle East, and North Africa Region of the World Bank.

During his twenty years of service with the World Bank, Dr Hasan has held, among other prestigious appointments, the posts of Director of Operations Policy, and Chief Economist: East Asia and Pacific Region. Before becoming a member of the staff of the World Bank, he was, successively: Deputy Director of Research of the State Bank of Pakistan, economic adviser to the Saudi Arabian Monetary Agency, and Chief Economist and Secretary to the Ministry of Planning of the Government of West Pakistan.

Dr Hasan is a widely published author. Some of his more recent publications are: *Korea: Problems and Issues in a Rapidly Growing Economy, Deficit Financing and Capital Formation: The Experience of Pakistan, Korea: Policy Issues for Longer Term Development,* and *Malaysia: Growth and Equity in a Multi-Racial Society*.

Dr Hasan will speak to us on the subject of 'Implications for International Financial Institutions.'

Dr Hasan

The subject of global security is of great relevance to the mission of the World Bank, which is to assist the development of less developed countries. Security and defence spending compete very strongly, not only in the developing coun-

tries, but in the developed countries, and development has not necessarily been winning this race. Unfortunately the contribution that economic prosperity can make to global security is often underestimated. It is in this context that we in the World Bank view the historic opening of political and economic systems in Eastern Europe and Russia as offering a very fresh opportunity after a rather dismal decade of development.

I do not disagree with the very interesting analysis that Mr Dedring has presented — that the future will be turbulent. But it is going to be a different kind of turbulence, and over all I think there is a great opportunity for the world as a whole to try to devote more attention and more resources to economic welfare.

Let me go back to the question of what the World Bank does. What is the World Bank? The full title of the bank is the International Bank for Reconstruction and Development. (IBRD). It is a post-war institution, it belongs to the family of United Nations institutions, it is an international co-operative. It has 150 members, and is owned by the member governments who have voting power linked to capital subscriptions. That is rather important. We have what is called 'weighted voting,' and this makes it a little bit different from the General Assembly of the United Nations. The United States is a major shareholder, having 15 per cent of the capital and the voting rights. Japan, Germany, France and the United Kingdom are among the largest shareholders. Canada has about three per cent of the total. There is no veto on ordinary lending, on day-to-day business, but major decisions do require about 85 per cent majority.

The authorized capital of the World Bank is very large — $160 billion (U.S.). Only eight per cent of that is paid in, but this authorized capital stands behind the lending that we do. We are not allowed to exceed our outstanding loan portfolio in excess of the total capital subscription, so there is a guarantee of the member governments on the loans that we provide.

But the capital does not finance lending. As I said, the paid-in capital is a very small proportion of the total — right now it is about $10 billion — and we have a portfolio which is much, much larger. Basically, we raise our capital on the international markets. The World Bank is a very large borrower on the international scene. There is roughly $12 billion in the main capital markets — the United States, Japan and Germany, occasionally Switzerland and Holland. Because we raise money on the international markets, we have to worry about our financial standing in these markets. We have to ensure our financial viability. We have a large net income, about a billion dollars last year, but this is not given out as dividends, and we have a gross lending of $16.5 billion.

I have made it sound as if we are a bank, but we really are not. We consider ourselves a development agency. I have given you our worries and concerns about the banking aspects, but nevertheless, we are a development agency, because we lend in a developmental context. We worry about the developmental impact of our lending, we are concerned about the total overall economic management of the economies, and we lend only on economic criteria. By our charter, we disregard the political character of a member country. But what makes us different from other national lending institutions, and to some extent from other international lending institutions, is the fact that the Bank has established itself as an independent, objective and trusted development advisor to member countries. We have established this relationship over a long period, and it is a relationship which is greatly valued on both sides.

How do we sustain this relationship? We do a lot of economic analysis which provides the underpinnings of our lending. It is not necessarily the lending which is considered the most important aspect of our work. Just to give you an idea, we spend about 400 staff years per year on analytical work in relation to member countries, on individual countries, and our work on global issues is in addition to that. There is also the lending arm of the World Bank Group.

The IBRD, the World Bank Group, comprises several institutions, but I will mention only one, the International Development Association, which essentially lends money on soft terms. The World Bank lending rate currently is about 7.5 per cent, and we lend for about 15 to 20 years maturity. But IDA, the International Development Association, has a nominal interest rate — less than one per cent per annum and lends for 35 to 40 years, so basically it is very much like grant assistance, but it is given only to countries who are very poor, with a per capita income of less than $650. (Canada has a per capital income of about $15,000.)

A lot of this IDA lending goes to India, China, South Sahara, Africa, Pakistan, Bangladesh. But income level is not the only criterion. Another criterion is that these countries cannot afford debt on conventional terms. So for the replenishment of these soft resources, we have to go to member governments every three years, for what we call an IDA replenishment. That means that our policies are scrutinized by the parliaments of our major donors. The current replenishment runs about $12 billion.

I have already said that money is not necessarily the most important part of our activity, although it is a very important focus of our activity. We also focus on development policies, priorities, strategies, and last but not least, on building up development institutions. We lend for projects, but we also lend for what

we call 'lend-for-policy' adjustment. Our non-project lending has come to account for 25 per cent of our total lending, and in recent years has supported the structural adjustment process in heavily indebted countries. The two major challenges we have faced in the 1980s in the Bank as a whole have been the heavily indebted countries in Latin America and the declining living standards in sub-Saharan Africa. We have tried to tackle these issues not only through our individual project lending, which has its limitations, but through broad involvement in policy change, change in the thrust of policies towards greater export orientation, greater involvement of the private sector, greater concern for the development of human resources, and I think we have made some headway.

Our newest challenge is Eastern Europe, and that is what I want to talk about now. There is the historic transformation in Eastern Europe which provides unprecedented and unique opportunities to member countries, to international communities and to the World Bank. But the World Bank is not a newcomer to Eastern Europe. Poland, Czechoslovakia and Yugoslavia were founding members. It is interesting that Poland and Czechoslovakia withdrew rather quickly after joining, because the Soviet Union never joined. Romania joined in 1972, Hungary in 1982, Poland rejoined in 1986, and now Czechoslovakia and Bulgaria have applied for membership. So by September of this year we will have a full membership of Eastern European countries with the exception of Albania.

In the past we have lent about $10 billion to Yugoslavia, Hungary and Romania. Hungary is an interesting case. Hungary became a member in 1982, we started lending in 1983, and we have had a relatively quick buildup of relationship and of lending. We have lent a couple of billion dollars to Hungary for 22 operations. We have lent, for a variety of purposes, and we are now lending for what I called earlier 'policy adjustment,' for structural adjustment across the board in the economy. Our involvement in Yugoslavia has also been very heavy. In Poland we have accelerated the pace of our activity since the new government has demonstrated a strong will to tackle difficult economic issues, and has launched a very comprehensive programme, both of stabilization and structural adjustment. What is going on in Poland is quite historic and quite bold, and we very much hope it will succeed. Since the beginning of the year, we have lent or are in the process of lending about $500 million to Poland, and our lending to Poland for the calendar year 1990 might reach one billion dollars.

I want to dwell on this. We have had involvement with Poland since 1986. We have had two projects in preparation for at least two years, but we did not believe that the conditions were right. We do not want to lend into situations where there is not a reasonable chance for the economic resources to be used

effectively. We did a tremendous amount of economic analytical work on Poland from mid-1986, probably 70 or 80 staff years, but we held back on lending till now. We have now accelerated this lending because the basic commitment of the government to systemic reform, to more rational use of economic resources, has increased.

How do we see the future? For the three active borrowers — Poland, Yugoslavia and Hungary — we can see lending of $5 billion over the next three years. This is about one and a half billion more than the previous three years. In Czechoslovakia and Romania it is more difficult to predict what our operations will be.

Just to give you an example of the quickness of response, Czechoslovakia will be a member by September. Countries have to become members of the International Monetary Fund before they qualify for membership in the World Bank. But we have already had half a dozen small missions to Czechoslovakia. We are sending a large economic mission to make an overall assessment to Czechoslovakia this week. We have another mission planned to Bulgaria to take place after the election in Bulgaria in June.

I keep on coming back to this question of the economic work, the analytical work, in the context of lending, because that is how we operate. The basic idea, of course, is to support the historic economic and social changes, but we have to apply the same kind of economic criteria to Eastern Europe as we apply to other countries. There are not going to be any exceptions. While we are very much interested in supporting the process, we have to be sure that these countries, especially Poland which is very heavily indebted, have the capacity to repay our loans. Earlier on I said we lend on market terms, more or less, and we borrow against that, and therefore we have to be sure that the countries have the ability to repay.

One of the worries that some countries have is whether resources will be diverted to Eastern Europe from other difficult areas, such as sub-Saharan Africa and Latin America. This is not the case. Firstly, sub-Saharan Africa receives concession assistance. I mentioned IDA, the International Development Association, the soft money. Eastern Europe is not entitled to soft concessional assistance. Per capita income is much lower than in the industrial countries of the West, but it is much higher than the IDA cut-off at $650. Annual incomes are very difficult to estimate, but they run around two thousand dollars in Hungary and Yugoslavia, with substantial devaluation in Poland where the per capita income is not much higher than twelve hundred dollars. That is very low compared to the industrial countries of the West, but it is still much higher than the IDA cut-off. So there is not going to be any diversion of soft assistance to

Eastern Europe from the World Bank. The member governments may give concessional assistance directly, but that would be under the bilateral relationships. As far as the competition for bank funds is concerned, we do have limits on our lending. We cannot exceed our capital which provides the guarantee to our lending. But fortunately we have had a major capital increase about three years ago, and as we are not at the sustainable level of lending — we can expand in the foreseeable future without impinging on the limits of the capital increase. Of course, once we reach the limits of that capital increase, we go back to the governments, back to our shareholders, and ask for an adjustment of our capital. Then there is a political debate and last year we were successful in getting a very substantial increase. So in the course of the romance with Eastern Europe the Bank is not forgetting everything else. We are committing additional staff resources, and we have made provision for that.

The real question in the economies of Eastern Europe is the question of systemic change. Just to give you a flavour of the kind of issues one has to deal with, first and foremost, there is the issue of price reform. The prices in a socialist economy have not played any real role in the allocative process. Prices are central to the working of the market economy. It is not clear how the prices in a socialist economy are determined. They are determined arbitrarily through a system of centrally planned calculations, and these economies need a very comprehensive price reform.

This is not easy. How do you peg the exchange rate? For instance, the official rouble rate is 0.6 roubles to a United States dollar, but the free market rate is 20 roubles to a dollar. At that rate, one of the Russian economists said in recent informal discussions that the wages of the senior skilled people would be a dollar a day. So quite obviously that rate of exchange is ridiculous. It is easy to talk about having realistic prices, but how do you get to them if you have not had exposure to markets? Energy prices are also grossly distorted. In Poland, energy prices have been one-sixth of what they should be. This leads to a tremendous amount of energy inefficiency and to grave problems in the environment. If you do not have realistic energy prices and control the energy used, you have excessive energy density and that has led to a tremendously polluted environment in Eastern Europe. That will be another major challenge.

So we need reform of pricing, and reform in the enterprise sector. Over 90 per cent of industrial firms are in the state sector. There is the issue of giving those firms that stay in the state sector new rules, financial discipline. There is also the question of privatization, of the development of the private sector with new firms for the service industry and small- and medium-scale enterprises.

There is the question of foreign private investment. The Eastern Europe countries are keen on that, but the legal frameworks do not exist, auditing firms are not there. It is very difficult to envisage the lack of infrastructure. There is no financial system in our sense. In most countries there is only one bank, which allocated resources at the direction of the central authorities. These banks did not charge anything like a market interest rate. So a tremendous amount of reform is needed in the financial sector, starting with financial discipline. The economic systems have been characterized by soft budget restraint. The state sectors were not constrained. They were given production quotas and material allocations. If they had losses, they could be covered. The focus on profitability was not there. In any case, profitability did not make economic sense because prices did not reflect economic values.

Price reform and enterprise reform are major changes in these economic systems, but when you change these things you are going to create a tremendous amount of social havoc. There will be unemployment, if firms are allowed to fire people. If the enterprise sector is no longer used as a shield, to meet social targets of full employment, if you apply economic principles which make labour redundant, there will be upheaval. There will be changes in the structure of industry which will require shifts of labour over time. The question of unemployment compensation, of the safety net, is very important. The present system in the socialist economies relies very heavily on consumer subsidies: food is extremely cheap and heavily subsidized. When you move to economic values again you will raise the price of consumer items, and for some groups like the unemployed and the pensioners you will have tremendous hardship unless you worry about protecting the most vulnerable people in the process of adjustment. Otherwise there will be a backlash to change.

Mr Dedring talked about something he called 'residual discontent.' There will be some economic discontent coming from all these changes because everybody will not gain. There has been a huge amount of job security, there has been a certain amount of taking care of the basic needs. When you change the system there are some people, who are not quick on their feet, or are not working very hard or who find it hard to adjust. When all the members of the secret service are fired, those who have had privileged access to resources, there will be some real hardship. So one has to develop social safety nets.

All this makes reform tremendously challenging, exciting and extremely complex. There will be a continuum of debate on containing inflationary pressures, and on the speed and sequencing of reform. We are very heavily involved in these issues and we welcome our involvement. We have decided to open a

resident mission of the Bank in Poland. We may extend resident missions to other countries. The transformation, by its very nature, is going to be very difficult and is going to take time. There is a long way to go before Eastern Europe can reach the living standards of the Western industrial countries. There has been a lot of initial euphoria. There will be a lot of disappointment. But I think the political will in Eastern Europe is very clear, and that is the most hopeful sign.

The Soviet Union faces even more difficult challenges. I do not intend to comment on that in detail, but the aspirations there go in the same direction. And overall, I believe this adds up to an improved future for the world.

MAURICE TUGWELL

DOMESTIC PRESSURES AND THE INTERNATIONAL ENVIRONMENT

Alex Morrison

A valued colleague and influential member of the Canadian research scene, Dr Maurice Tugwell will be our next speaker. Dr Tugwell is the Director of the Mackenzie Institute for the Study of Terrorism, Revolution and Propaganda which was formed four years ago to provide Canadians with information in the field of low-intensity conflict.

When I arrived back in Toronto last year from six years as a member of the Canadian Mission to the UN, Dr Tugwell was most gracious in welcoming me and since that time has assisted me greatly with his intimate and detailed knowledge of the workings of volunteer organizations in fields such as ours. For that, I and the CISS are most grateful.

Dr Tugwell began a long career in the British Army shortly before the end of the Second World War. During the course of that career, he served in Palestine, Malaya, Cyprus, Bahrein, Northern Ireland and Iran. His interest in revolutionary propaganda was sparked during service in Northern Ireland when he sought ways to counter the propaganda of violent groups, the subject of his doctoral dissertation for King's College, London. His books include: *Deception Operations, Armies in Low-Intensity Conflict, Peace With Freedom, Skiing for Beginners,* and *Airborne to Battle.*

Dr Tugwell will speak to us on the subject of 'Domestic Pressures and the International Environment.'

Dr Tugwell

My presentation today is more a case of stating the problems than of giving the answers, but that is the state the world is in. We had all the answers two years ago. Now we have new problems and no answers.

Introduction

International security seems at first sight to depend on the external policies of nations. However, such external policies more often than not reflect internal politics — the domestic pressures that overflow into global issues.

Nation states are expected to act in their own interests. Quite often, those interests embrace global or at least regional stability, for the obvious reason that war, revolution, or economic or environmental disorder in other countries could very easily damage *everybody's* interests. Moreover, publics in many developed countries, including Canada, are apt to express concern, beyond narrow self-interest, in promoting a better life for the less fortunate nations. The idea of 'Common Security,' with its internationalist implications, has also gained some support.

In this short paper I will try to identify some of the domestic pressures that we can expect to see bubble over from various countries and affect the international environment throughout the 1990s.

Terrorism

Recently I attended a conference in Winnipeg and heard a paper by a young American scholar who had spent two years in post-revolutionary Iran as a journalist. He suggested that Iranian state-sponsored terrorism was often a reflection of internal disputes rather than the product of a structured foreign policy. He gave examples. In May 1985, the Saudi foreign minister visited Tehran in an effort to improve relations between the two countries. But while negotiations were in progress, a bomb exploded in the streets of Riyadh and a message from Islamic Jihad claiming responsibility warned that the talks would not safeguard the Saudi monarchy. The attempted reconciliation fell through. A few days later, after the Iranian president had made a conciliatory statement concerning Kuwait, a bomb attack narrowly missed the Amir of Kuwait and killed his security chief. There was no warming of relations.[1]

In both cases, revolutionary factions in Tehran had thwarted the efforts of institutionalists. An Iranian domestic battle was being fought on the streets of

Saudi Arabia and Kuwait. In many other cases, a similar link can be perceived. Indeed, it is entirely possible that the Imam Khomeini sentenced the author Salman Rushdie to death to divert domestic anger over the disaster of the Iran-Iraq war away from the régime towards foreign devils. In that case, a disastrous foreign and military policy brought a domestic backlash which in turn rebounded outwards.

The example of Iran suggests that international terrorism is one activity where domestic pressures can affect the international environment. Looking no further afield than Canada, it is clear that most of our experience of international terrorism springs from non-Canadian domestic roots, whether these be Armenian frustrations over events in the distant past, or Sikh or Tamil ambitions to change the shape of Indian sub-continental politics.[2] Italy's domestic pressures in dealing with the challenge from her own terrorist groups led to accommodations with Middle Eastern terrorists that gave these organizations virtual immunity in Italy, and thus undermined the security of the rest of Europe.[3] But most other European countries have also been guilty of similar deals designed to keep the scourge in someone else's backyard. For the French government, it is French domestic pressure for a quiet life that matters, not British or German. And the same for all others.[4]

Which points us to the contradictions between the statements of international concern and co-operation that decorate so many leaders' speeches and the narrow attention to national interests that form the reality of policy. It has yet to be seen whether the closer European Community after 1992 will reduce or aggravate this age-old problem. We shall discover whether Europeans really think of themselves as such, or are merely playing out a fantasy. I cannot imagine a more acid test than a willingness to share the risks, embarrassments and costs of a determined and united resistance to terrorism.

Ideology

Whether or not we are witnessing the death of communism, the role of revolutionary ideology in domestic politics is unlikely to be at an end. If we include militant state religion under the rubric of ideology, we can be quite sure political ideology is alive and well.

The trouble with revolutionary faiths is that their leaders tend to attribute their legitimacy to a missionary imperative. God, history, or race has chosen the leader and commanded the enlightenment of the world. This in turn can lead to the export of revolution with disturbing implications for international security. Often,

ideology is combined with imperialism or nationalism, so that the threat to the outside world is dressed in a coat of many colours. Revolutionary impulses, once unleashed, can consume their own. Again, one way for leaders to avoid such a fate is to turn the impulse outwards, in the manner of Napoleon and the many lesser Napoleons who have followed him. The Cold War was ideological warfare writ large. Lenin insisted that there was no dividing line between domestic and international politics, and there is no denying that the domestic pressures within the Communist Party of the Soviet Union have kept the non-communist world on the hop for more than seventy years, just as pressures inside the Russian Empire still do.

In the Arab world of Islam, whether Sunni or Shia, the impact of the Iranian revolution has been widespread, and it is yet to be seen if it will be lasting. Between 1945 and 1979 this world remained faithful but at the same time turned to Arab socialism, nationalism, capitalism, or Marxism for new political forms. Khomeini has stopped this process dead in its tracks, insisting that faith and politics are indivisible. Although secular régimes remain in power in the Muslim world, they must now operate in a new environment. Domestic upheaval in Iran has therefore changed much in Middle Eastern politics and, in turn, the domestic pressures throughout this region are now more volatile.

Civil War

Although similar, civil war need not contain the spark of revolutionary ideology, only nationalism, tribalism or a brutal struggle for power. If this were to be the Russian Empire's fate, the firepower available would present the gravest threat to the rest of the globe. Knowing this, factions might try to coerce various other powers to assist them. The scenarios quickly multiply, but none is reassuring.

More often, civil war is likely to affect the world's stability by the deliberate involvement of outside nations, possibly in response to domestic pressures to help one side or the other.

Proliferation of Modern Weapons

If the threat from revolutionary Iran caused Iraq to arm herself with chemical weapons, then it set in motion a process with serious potential for international stability. Iraq has not been content to win the war; she has continued the build-up of modern weapons. These include new medium-range missiles capable of hitting Tel Aviv or Tehran, and, according to the president, binary chemical war-

heads. Proliferation has not been confined to one country. In a desire to join the major league, Argentina, Brazil, Egypt, Israel, Pakistan, India, both Koreas, Taiwan and South Africa are into the missile business. Several are nuclear-capable; all could make chemical weapons.

Of course it may be said that these developments flow from international, not domestic causes. While this is true, the domestic motivation is also present in some cases. Régimes enhance their image and their domestic standing by promoting macho arms policies. Domestic enemies, such as ANC activists in South Africa, lose some of their momentum if the government can hold front-line capital cities to ransom in the event of military intervention.

Whatever the reason for proliferation, the repercussions of one country arming itself to the teeth may be felt throughout the region, or the world.

The Environment

One of the saddest discoveries of the Gorbachev age has been the extent of environmental damage done to the socialist countries. The Chernobyl disaster was merely the most spectacular. All this was the result of uncaring bureaucracies, stifled public opinion, worker indifference, ignorance, and a productivity-at-any-cost mentality. Today the environmental issue is a lively one in Gorbachev's USSR, helping to force the pace of internal change that will affect the whole world.

Can we say that the conditions which wreaked such havoc in the communist world are altogether a thing of the past? If not, we may expect that some countries will continue to destroy the environment on the grand scale, knowingly or unknowingly, and that in doing so they will contribute to the destruction of the international environment.

Already we are seeing signs of countries demanding compensation or inducements as the price of abandoning such practices, opening the possibility of environmental Russian roulette. Here is an example of poverty translating into power: of people who have nothing to lose threatening the comfort of those who have everything.

For it is in the developed world that domestic pressures over environmental issues are strongest. Within two years, the environment has displaced nuclear war as the number one popular concern in the West, returning it to the position it occupied in much of the 1970s, after it had displaced the Vietnam War issue. In our anti-historical society, no one remembers that we have been through much of this before, only to drop it completely, as though it never mattered in the

least, as soon as the International Department ordered the 1980s peace offensive.

I mention this because I think the environment does matter a great deal, and deserves better than to be used as a political weapon for attacking class enemies when there is no more handy method of doing this, just as the vital issue of peace deserved better than the same treatment.

Drugs

If nations live in the world environment, the individual creates a private one, sometimes the hell of drug abuse. In the developed world, domestic pressures over drugs push in two directions: from the addicts and their suppliers, the push is for more drugs; from society as a whole, the pressure is for exclusion. In the (mainly undeveloped) drug-producing regions, the poor farmers and the close-knit communities that rely on the trade for their livelihood are anxious to keep things the way they are; their governments generally oppose production, partly because it gives the drug lords too much power, and partly because of pressures from the developed world. But this opposition seldom translates into effective action.

Addiction and greed have proved themselves overwhelmingly more powerful than governments and respectable opinion. It is difficult to think of a similar threat to society that has defeated all efforts of control. The result is a new outcast class in our affluent communities that is committed totally to one objective — the maintenance of their drug supply. Nothing else has any value: family, friends, law, life or tomorrow. Ruling this pitiable but growing sub-culture is a new and ruthless leadership — the pushers and the sinister suppliers, for whom there is no law and no loyalty except greed.

Our failure to control demand, our unwillingness to defeat the traffickers, and our desire to see the problem as something imposed upon us might combine to push governments into international actions that may or may not be wise. This is the quintessential domestic problem with international implications. For if the sub-culture were to become the mainstream culture, that would be the end of Western civilization. Period.

People

World population increase has been a cause of concern for centuries, but the concerned person always turned out to be crying wolf. Today there are still those who argue that the world can support umpteen billions, but I am not alone in

remaining concerned. Perhaps the wolf has always been out there, far off on the horizon, and it is time now to listen to the crier.

The developed nations, by and large, have stabilized their populations and many are encouraging bigger families and accepting immigrants to sustain growth. It is in the poorest regions of the world that mankind is multiplying, in spite of drought and other natural disasters, and the famine that follows, and the epidemics against which the people have little defence. Whatever the longer-term effects of over-population, the near-term problem seems to be uneven population growth. This gives rise to waves of emigration.

Millions are on the move, emigrating where the grass is greener, from Africa, Asia, the USSR, Latin America and the Caribbean — you name it. They are reacting to domestic pressures, political as well as economic, in their countries of origin, and when they find new homes they will react again on the domestic scene. Even in a country like Canada, profoundly shaped by immigration, we are apt to overlook the effect waves of immigration have had on man's history.

Population pressures caused Greek colonization in the fifth century BC and the German eastward expansion beginning in the eleventh century AD. Rome fell for many reasons, one being a population shortage at the moment when waves of immigrants were moving in from the north. However, none of these waves compares with emigration to the Americas. Only 100,000 Spaniards came this way in the sixteenth century and a mere 750,000 Europeans of all nations came over in the seventeenth and eighteenth centuries. Meanwhile, nine million or more Africans arrived as slaves between 1492 and 1870. Then major waves came from Europe in the nineteenth and twentieth centuries, winning the New World for Europeans and their descendants. Britain alone sent thirteen and a half million in the 95 years following 1825, and Italy, Germany and Portugal provided additional millions.

More recently, sixteen million Germans were expelled from Eastern Europe between 1945 and 1948, while the 500,000 Cubans who quit their island home in the ten years following Castro's victory were more than those who emigrated there from Spain between 1511 and 1959.[5]

As well as immigrants, there are millions of homeless refugees, displaced by wars and famine, creating new problems in the countries that have accepted them. It is the domestic pressure in the places of origin that prevent these peoples' return.

Disasters in the developing world affect our societies in many ways. Public concern translates into government and private relief operations and aid. Then there are programmes to try to stop it happening again. Western domestic com-

passion is changing the shape of the developing world. Sadly, it does not always change it for the better.

The Aid Game

Put very crudely, too much Western aid takes the form of taxing the poor in the rich countries and giving to the rich in the poor countries. Aid and development are big business in the developed world, with support lobbies that manipulate public generosity. Third World élites are ardent supporters, as well they might be, since some of the world's most brutal thugs have been kept in power by this means, while many others have gone off laughing all the way to the bank. But for the suffering masses, aid and development has delivered very little.

Africa, as one example, has lost the self-sufficiency in food production that it enjoyed before development assistance was invented. As one critic has put it, Africa has become 'a continent-sized beggar hopelessly dependent on the largess of outsiders — per capita food production has fallen in every year since 1962.'[6] During the period 1980 to 1986, when Africa became the world's most aided continent, gross national product per capita fell by an average of 3.4 per cent per annum.[7] I do not doubt the sincerity of the majority of aid administrators and virtually all aid workers. The question remains: have we indulged our concerns for the under-developed countries in the same way that well-meaning people feed wild animals so that they lose the ability to fend for themselves?

Questions Instead of Conclusions

A number of linked questions arise. Can we control our destructive inventiveness and our aggression so that mankind can survive? Can we cure disease, including new threats such as AIDS? If the answers are yes and yes, can the world feed a growing population, given that we are failing now with present figures? Besides getting people to be more productive, can we also persuade them to reproduce, but *not* to multiply?

These are international problems, but international in the sense of being domestic on a global scale. Lenin's notion of a world made one through Soviet power may have consigned itself to the ash heap of history, but his concept of domestic and international politics being one may help us to cope with international security in a changing global order.

Footnotes

1 Sean K. Anderson, 'Iranian State Sponsored Terrorism: North American Implications,' paper for the conference on Middle Eastern Terrorism, Winnipeg, 21-22 April 1990.
2 For a full discussion, see Anthony Kellett, 'Contemporary International Terrorism and its Impact on Canada,' *ORAE Report* #R100, Ottawa, 1988.
3 See Christopher Seton-Watson, 'Terrorism in Italy,' in Juliet Lodge (ed), *The Threat of Terrorism* (Boulder, Co: Westview Press, 1988); Global Television's Two-Part Series, 'Terror,' 1988.
4 Lodge, cited.
5 See Hugh Thomas, *A History of the World* (New York: Harper & Row, 1979), pp 400-401.
6 See Graham Hancock, *Lords of Poverty* (London: Macmillan, 1989), pp 93.
7 Ibid. Hancock documents his figures from numerous sources.

FORUM

Jenna Robbins, Havergal College

My question is to Dr Dedring. You stated that under Article 27 of the UN Charter, the UN is not allowed to interfere in the internal or domestic policies of sovereign nations, and therefore cannot act inside the Soviet Union. But we have interfered in other nations' domestic policies, for example with respect to apartheid in South Africa. Is it because the Soviet Union is on the Security Council and has such great power that we cannot interfere in their policies?

Dr Dedring

This is so far the only exception undertaken by the General Assembly that bypasses 27, since apartheid is not only a domestic problem but is also an international problem that the international community by the Charter, by the Declaration of Human Rights, cannot but reject. The Assembly by an overwhelming majority decided at that time, and the Security Council concurred, that the search for means to eliminate apartheid in South Africa was an international issue.

The fact that Article 27 is the barrier which prevents not other countries, but the United Nations as the repository of the international community from getting involved in internal affairs of the Soviet Union is, I think, a matter of international consensus. At one time I did a short piece of work with regard to the Security Council discussion after Allende had been overthrown in Chile, and the Chilean military had not only molested but had actually attacked various Cuban officials working in Chile at that time. The fact of this particular attack was undisputed, but because a lot of countries have their own backyards to worry about, most of the countries from the developing world did not wish to activate the Security Council in this particular matter, because they all pointed out that this was a domestic issue and therefore the Security Council had no right to get involved.

Looking at the Soviet Union, at Northern Ireland, and other countries, the unwillingness of the community to step beyond that barrier is not only a result of the fact that the Soviet Union is a big power in the Security Council, which is true, but it is also a self-protective device to disallow international meddling. So there is a legal, a political, and also a self-interest involved that makes the community as such maintain quite rigidly the barrier established by Article 27.

George Lindsey, Senior Research Fellow, CISS

All three speakers have given us a lot to think about in the problems of security and poverty and terrorism, but the question I would like to raise is particularly in line with what Dr Hasan was talking about. He mentioned the euphoria about the happy developments in Eastern Europe. Quite a lot of the people who have been suddenly parachuted into high office are poets or playwrights, that sort of person, who can work up great enthusiasm for freedom and can give a good speech. But are they the sort of people who will know how to handle these very difficult problems of rebuilding an economy? Dr Hasan has explained how the infrastructure that is needed to build up an economy, especially one that has been terribly misused for a couple of generations, is very complicated. The thing that worries me is that we may get through a summer of euphoria, but when next winter comes along and the crops fail and credit runs out, then people will start starving. Aren't they going to look around and say 'the bad old communists were awful but at least we had something to eat'? Are we not likely to see some very sad setbacks unless absolute miracles of organization are produced? I would think that people with experience would find those hard to do. What if these people without qualifications cannot do it?

Dr Hasan

Where is the know-how? Let me start by saying that the reform processes in Eastern Europe are not all new. Reform was under way. The failures of centralized planning have been recognized for some time. There have been moves towards price reform, towards greater reliance on the market. But this reformed socialism failed because there was not the political will behind it. Academic debate on the need for reform has been pervasive. China, a relatively controlled economy, has been successfully experimenting with economic reform since 1980. So the first point is that the concepts are not all new.

There are also people there, university professors, scholars, who are being brought into the government. The people who are leading the government in Poland are not the head of the Solidarity movement, but are people whose background is professional. I have had dealings with the Deputy Prime Minister, who is also the finance minister. He is a brilliant economist, an extremely well trained professional. I think they have the political support for reform.

In Hungary, there are extremely knowledgeable technocrats, people who know what the problems are and how they are going to be fixed. The need is for political backing, at home, and for international backing.

I am not saying that all the expertise is there. Technical expertise on issues like the environment is not there. These issues have not been analyzed. But I would not be such a pessimist. I do not think that the economies are on the verge of breakdown. There are differences among countries. Poland was in a very rough situation. Some people would argue for the very strong likelihood of the success of reform because the pain in Poland was already there, with hyperinflation in the last months of 1989. Yes, there is a very strong austerity programme, but stabilization has begun.

Mrs Margaret Hoddinot, Vice-President, CISS

I would like to begin by pointing out that Germany has the spotlight in the matter of division, but Korea too is divided. Canada has since the 1950s been involved in Korea. The origins of unrest in South Korea are somewhat obscure. I am wondering if, in fact, the union of North and South Korea is likely, and under what conditions? Could you please speculate on the implications of a dynamic united Korea for its neighbouring countries, particularly Japan?

Dr Dedring

The potential for the reunification of the two Koreas is very much on the minds of many people in the United Nations community. The problem is in co-ordinating the two partners, the two Korean governments. They seem to be mostly out of sync. In view of that essential problem, I see the potential for them getting together as a matter of the medium to the long term, not the short term. On the other hand, I agree with you that the role of a united Korea as a regional actor of importance in Asia should not be underestimated. It is not only an economic but also a political potential that is likely to be fulfilled. But let's give it another ten years, or so. At the moment, they are not dancing too well together.

Mr David Ostriker, Stornaway Productions

Mr Dedring, you mentioned briefly the possibility of a more pro-active Security Council versus a reactive Security Council. There are great risks involved in that for the United Nations, of failure in a place where they insert themselves. You did not mention peacekeeping in the process, but I assume that that is an end. Do you believe that there is a will within the Security Council to take those kinds of risks?

Dr Dedring

I was involved from 1982 through 1987 in informal consultations of the Security Council on its own strengthening, in response to the 1982 report of the Secretary General, telling the world that the Council was doing poorly and that it needed, among other things, not only will but also information. My emphasis on the preventive capacity of the Security Council arises from that involvement as a Secretariat person and my own analytical thinking on the matter.

I believe quite strongly that the political will among the transient population in the Security Council to do this kind of work is not sufficient. I have had some conversations with current catalyst states in the Security Council and I have found less than overwhelming support for activating the Council in this direction. The potential for failure is, I think, a small price to be paid for a more active role of the Council in preventive diplomacy, and I don't see too much of a risk except that if there is failure, one should simply try again. I would encourage the Council to move in that direction. I have spoken to the Finnish and Canadian members on the Council in this vein, but as I said before, the transient population

has had some trouble seeing that potential as clearly as perhaps some of the oldtimers like myself.

Unidentified

This question is for Dr Tugwell. Is Europe prepared for the open borders, and lessening of restrictions on customs and immigration, which may lead to problems with drug cartels and international terrorism after 1992? How will they deal with that?

Dr Tugwell

I don't think it is prepared. We had Paul Wilkinson talk to members of my organization and many members of this organization last fall, and this was a subject about which he was very concerned. Europe in 1992 will have no internal borders, so once either a drug smuggler or a terrorist group is operating there, the many networks through which he now has to pass, with his drugs or his weapons or his people, will have gone completely.

Mr Wilkinson was worried that Europe is running ahead, driven by ideological imperatives, to achieve this unity, the next stage towards a united Europe, and is not really considering the possible repercussions in the security field. Terrorism is his field, but I am sure that somebody concerned with drug enforcement would be equally worried.

Dr Dedring

This nasty issue of drug control has come up in connection with some very recent UN activities on the drug issue. An initiative undertaken about half a year ago to make the UN a drug monitor, as a further development of peacekeeping, has (fortunately, in my judgment) been somewhat reduced as a recommendation. Interdicting drug traffic wherever it takes place through the use of 'reprogrammed' peacekeepers sounds to me like an extremely difficult project. The money is not available, support is not available, to equip the UN in this direction. So, while I agree that European unity is a great event in Europe, I also acknowledge the fact that as long as there are no other means available of improving on the ways of drug control, it is likely to remain a difficult question.

Robert Lawson, Department of National Defence

My question is for Mr Tugwell. Since we in the strategic studies community have begun to refer to the Cold War in the past tense, we have all been casting about for a new security agenda. The speakers have alluded to the war on drugs, the environment, arms control.

I would like to address the drug control question and ask for your comments. In 1982, President Reagan of the United States declared war on drugs, and in the 1990s $17.9 billion are being devoted to that project. But it seems to me that in your presentation you spoke of a broader conception of security which I think has to take into account economic and political factors. The war on drugs is a classic example. A coca producer in Peru or Colombia will receive about $300 to $500 for crop eradication, to grow something else. He can get $7000 for growing the same hectare in coca. That to me points to an economic solution to the war on drugs as opposed to a military solution, or perhaps a combination of the two. But we have not brought economics into line with this policy. For example, the United States broke the coffee cartel and in one month alone Colombia lost $400 million in coffee exports. That was their largest single commodity. Bolivia now makes more money from exporting coca than it does from any legal commodity, yet the United States and Europe still maintain several trade barriers to Latin American products, such as bananas and coffee.

My question is this. If security is now going to move beyond its traditional East-West focus and deterrence, and move on to a discussion of the environment, economic issues, the war on drugs — security in its broadest sense, as the Palme Commission suggested in 1982 in their report — are we equipped, as strategic studies students, to address this broader conception of security? Can we take the lead? Economic issues tend to focus on economic solutions to problems. We in the security field can speak to the larger agenda and try to bring into harmony the various elements of a security problem, specifically economic issues. Are we equipped? And where should we be going if we are not equipped for this task?

Dr Tugwell

That's a very broad question, but we will have a go at it.

I think that it is important that in an effort to find jobs for the armed forces in this period, we do not try to expand the concept of security as we have always meant it — that is to say, physical security. We should not try to broaden that

word to mean an end to all the world's problems.

There are two separate issues. We still have to consider security in its own old-fashioned meaning of keeping enemies out and keeping the world peaceful as a proper subject. It has not gone away, although it is now very much more difficult to define the threat and to say how to meet it. That is the subject of another seminar. But we should not, in a frantic effort to replace the Soviet threat, get drugs, economics, and all these other subjects muddled up with security policy, which is the subject that the CISS *mainly* addresses.

At the national level, and at the level of discussing international policies. I would be the first to agree that we are moving into an era where the military aspect is probably going to shrink, and economics, drugs, and many other aspects are going to expand in importance. But they should be addressed properly. We should not make the armies of the world responsible for defeating the drug problem. I hope the Americans do not pursue this line. If they want more people in their coast guard, then they can redirect some of their finances and manpower, and do the job better. The idea of having thousands of GIs rushing around the world thumping people on the head because they are growing drugs is a dangerous idea. I hope that the Canadian Armed Forces do not, in an effort to find roles, to keep up funding (which I completely understand!), get involved in all kinds of things which are not military. In the end you finish up with a military which isn't military, and one which is becoming very unpopular because it is getting into things that people do not think are subjects for men wearing uniforms. There is a threshold at which people feel pain if they see men in uniform doing jobs they don't associate with the military. The military ethic is to defend the country, not to oppress it through trying to cure its social ills.

There are many important things that concern general security in its wider meaning. The well-being of the world and the well-being of Canada has got to include very careful consideration of things like indebtedness, drugs, and many other things. If you really want to destroy a country nowadays, you lend it money! Seriously. You can fire-bomb Hamburg and it springs back because you didn't destroy its spirit. But once you lend people money and turn them into loan junkies, you've killed them! They don't recover for generations. This is what we are doing. This is what we have done to Canada, to a large extent, by borrowing. This is a threat as bad as any drug. Loan dependency means that we cannot now lower our interest rates because the world will not let us. That is the truth which the CBC and other people are not prepared to even discuss. The last time we tried it, the world devalued the dollar. We're getting off the subject, but these are serious threats to our security.

I would like to tell you about the thousands of good things that the Armed Forces can go out and do, and remain as a huge organization. But no. Give the drug business to the police and security service and the various other agencies who are designed to do that, and keep the Armed Forces military, because we don't know what the future holds.

One of the important things for people like us to try to do in the next year or two will be to explain why the absence of an immediate and visible threat does not mean that you do not have to keep your fire insurance going by having efficient, reasonably sized Armed Forces. They should be trained as the German army trained its forces in the 1930s, and the Russians are discussing now, so that every private is an embryo corporal, and every corporal is an embryo lieutenant — a well trained, superior force that works very closely with the militia. There is a great future for the Canadian Armed Forces, but it is not chasing drugs.

Dr Hasan

I want to assure the audience that the World Bank is not a threat to security!

There is such a thing as debt dependence, and large sums of money directed to an environment in which institutions are not built, policies are not put right, can be self-defeating. But important infusions of capital and technology, combined with domestic resource mobilization and the dedication to build institutions, can do wonders. 'Aid' is a word I would not use for World Bank iending, but international lending *has* worked. South Korea is an example. It has come a long way in 25 years. World Bank 'graduates' include countries like Spain and Greece. There have been tremendous success stories in development. In East Asia you hear a lot about Korea. We cannot talk much about Taiwan — for political reasons. There are Indonesia, Thailand and Malasia which have all made tremendous progress with international assistance. In the case of Korea, most of the assistance after the mid-1960s was on borrowed funds. There was a large grant assistance to Korea, mainly from the United States, but that stopped in 1965. Korea borrowed very heavily then and put the money to good use. So I do take slight exception to what Dr Tugwell has said.

Dr Tugwell

Also, there is the Marshall Plan, to back up Mr Hasan. The Marshall Plan was a tremendous success. It really depends upon how it is done.

Mr Lawson

Just a few quick points with regard to the IMF. The IMF cut off funding to Bolivia in the early 1980s because of its domestic economic policies, and has also been putting constraints on Peru because it does not agree with its economic policies. Both of those countries are fighting a desperate war against the coca trade, and they need all the money they can get. Because they do not follow a particular IMF pattern, funding has been cut off and that has reduced their ability to encourage coca growers to move into other products.

My second point is on the subject of the armed forces. I do not wish to comment on the role of the Canadian Armed Forces. But it strikes me that in Peru, for example, where Lumenoso controls 80 per cent of the coca growing, drugs represent a security threat to the existence of the Peruvian state. Possibly there is a role for peace-keeping, under the auspices of the United Nations, to separate those forces and get Lumenoso away from the coca production which is providing him with significant funding for the struggle which, I think, is eventually going to overthrow the Peruvian state.

Martin Shang, St. Michael's College School

Dr Dedring mentioned, in the answer to a previous question about Article 27 of the United Nations Charter, that he made a distinction between domestic and international policy so far as the UN's ability to intervene is concerned, whereas Dr Tugwell gave striking examples of how domestic pressures can often have dire international consequences, and *vice versa*. In view of the fact that countries' policies are never completely isolated in terms of consequences from international impacts, what kind of objective and subjective factors would an organism such as the UN Security Council consider in drawing a distinction between the two?

Dr Dedring

The change with regard to the separation between national and international is going on right now. With the wave of domestic issues and non-military threats to security that have been articulated this morning, there is a growing readiness within the UN community, which is, as I said before, an association of sovereign states, to accept the focus on issues that are internationally relevant although they have a clearly domestic origin. This is a case-by-case examination. Britain

tried a couple of months ago to introduce the question of the environment into the Security Council as a threat to international peace and security. While, from the examination of non-military threats to security, I would tend to agree with that assessment, the Security Council decided that enough was being done in the UN community on the environment, and that it was not the right time to involve the Security Council in a detailed examination of the environmental problem. So this is a case-by-case determination, where the issue is articulated. In this case, the Council said it was not the right time, implying that it was *not yet* the right time for consideration by the Council.

But once more the point to be noted is that we should accept that formally or legally the UN cannot do anything about it. Having said that, we should accept that informally and quietly these issues are within the purview of the Organization, of the Secretary General, and other legitimate actors in that community. The line of separation between domestic and international is constantly getting weaker, and that is an evolutionary process. So we cannot make a day-by-day definition of what is internal/domestic and what is international/domestic.

McIvor Winnikee, University of Waterloo

It is my understanding that one of the basic principles of stability in the world today is the sanctity of the state, and the fact that the United Nations is a community of states. But at the same time, in the Charter of the United Nations, the principle of self-determination of nations is enshrined. If we take the example of the Soviet Union and the short-term prospects of independence for the Baltic states, and the possible long-term prospects of independence for such nations as Ukraine, Armenia, Georgia, Azerbajan, and some of the central Asian nations as well, is it not time for the United Nations and the international community in general to stop thinking of this as an internal Soviet issue, and to start thinking of it as an international issue involving the very basic principle of self-determination of nations, and that the falling apart of the Soviet empire is very much an international issue that should be addressed by the United Nations and the international community.

Dr Dedring

A very quick answer to that one. In 1939, the Soviet Union was expelled by the League of Nations due to its attack on Finland. If the United Nations, at this point, in open violation of Article 27, started interfering officially in the attempt

to restructure the Soviet Union in a constitutional sense, the Soviet Union would depart from the organization. The UN would not only be weakened but might in fact collapse as a result. So while things are going on, let us not be too impatient in terms of drawing the international community into that. If need for help becomes urgent, the community will be willing to listen to that kind of appeal. But, in the mean time, political good sense is of the highest importance.

Mr Winnikee

Are you saying that the immediate need in the Baltic states, with the blockade of an independent state, is not something that the international community should address?

Dr Dedring

As long as the United States does not wish to take a position on that issue, who expects the United Nations to not only step on the Soviet toe but kick them very hard?

Andrea Heinmaa, Havergal College

This question is addressed to Mr Hasan. Given the existing unlikelihood that the Third World debt will ever be repaid, what are the possibilities of eliminating this debt and how would that affect the world economy? Further, how would this affect the existing and future debtor-creditor relationships?

Dr Hasan

In a sense, this notion that debt has to be repaid, or liquidated, is not right, because this relationship of the amount of obligation to external lenders has to be seen in a growth context. What may be an intolerable level of debt for a country with a per capita income of $1500 and export earnings of $2 billion may be quite a low level of debt for a large country. Debt burdens have to be seen in relative terms.

It is true that the debt burden is quite high in many countries, not only in Latin America, but also in the part of the world that I deal with. Poland has a very heavy debt. Hungary's debt is not quite as high, but is very sizable. Algeria and Egypt have very high debt. We have to deal with this problem. The interna-

tional community — the IMF, the World Bank, together with the major donors and the commercial banks — is trying to deal with it in the context of growth and adjustment, to put financial systems in place and financial arrangements such as rescheduling in place. Rescheduling means that if you cannot pay today, the terms of the debt are rescheduled. Poland, for instance, has had all the payments that came due in 1989 and 1990 rescheduled to be paid back over a 14-year period, with six years of grace, so the debt has been stretched out. In some cases, that kind of relief is enough, because as the rescheduled debt comes due, the economy is growing stronger and exports are at a higher level. In a general sense, one must look at it in a dynamic way. There has been rescheduling of debt all across the board. That has been one response to the problem.

Another response, under the initiative of the Secretary of the Treasury of the United States, has been attempts to support debt reduction by the banks. Debt is sold at a discount. In this attempt to 'buy back the debt,' some of the debt is selling at 30 cents to the dollar.

I would like to say that the debt problem remains difficult. Right now there are no initiatives for reducing the 'official' debt. The Brady initiative concerns commercial debt, and commercial debt is a major source of debt in the Latin American countries. A lot of the Polish debt is official debt. I hope the time will come when the official donors will at least consider the possibility of giving some relief.

Joel Sokkowsky, Royal Military College

Joseph Nyes recently came out with a book, *Bound to Lead*, in which he asserts the United States will maintain and reassert a world-leadership role. Does the proper functioning of the United Nations and the world economic institutions require a continued if not a reassertion of American leadership, or will leadership pass to a more collective group?

Dr Dedring

I am aware of Nyes' thesis on this matter. I do not share it. From the last five to ten years in the UN environment it is quite clear that it is not a matter of individual states assuming leadership, but there is a changing pattern of coalitions being formed on issues of importance. These coalitions are being restructured for practically every issue. We had a session at the ISA just a few weeks

ago in Washington on the issue of the middle powers in the UN system, and I think the evidence is becoming very strong that we do not need Superpower leadership or this or that leadership. We need a pragmatic attempt to articulate issues and bring together catalyst coalitions in the UN system that can take up an issue and run it through. I think this is a much better way of assuring an operational multilateral structure in the future than to pin our hopes on the United States, or anybody else who expects to be a candidate for that role.

Unidentified

This is directed to Dr Hasan. With the globalization of the world economy, is there an increased role for the United Nations to play in bringing about uniformity of regulation amongst nations in various areas which now really operate on a global scale in securities markets and that type of thing. Would the United Nations not be a sensible institution to utilize in bringing about uniformity in these areas?

Dr Hasan

The various institutions, like the World Bank, the IMF, and the GATT, are essentially members of the United Nations family. The same principles of international co-operation apply to us. Maybe we will need an environmental agency and other new institutions. But I don't think it is the lack of institutions that is hindering. . .

Unidentified

No. I am talking about an increased role for those institutions. Take securities, for example. Is that going to be solved only by bilateral arrangements between countries like the United States and Japan? Or can the United Nations play a more important and direct role?

Dr Hasan

I am not sure I understand your question fully.

Unidentified

It is a global securities market. We have regulations in individual countries, but we are reaching a point where that is not going to be workable. Arrangements will have to be made amongst countries. You can buy stocks anywhere and sell them anywhere. It is a world market. Is there not a need for a world order in this area. As it stands now, you have to do all these things through negotiations between two significant countries. I would have thought the United Nations could play a greater role in this area, or would be a logical institution to turn to.

Dr Hasan

If there is real need, I am sure there will be initiatives. Recent initiatives have been taken on the part of the environment through relatively new agencies which are very much part of the UN system. I am no expert on the securities market, but I think there has been a fair amount of response on this.

Edite Lynch, Baltic Women's Council

I am rather confused about the principles that guide the United Nations in its actions. Are they predominantly based on international rule of law or are they based on the individual whims of member states? The case in point is this. The Soviet Union has been extremely successful in disseminating disinformation regarding the Baltic states, and claiming that any discourse about them is meddling in the Soviet Union's domestic affairs. There is no basis in fact for that. The major Western powers have not recognized the illegal incorporation of the Baltic states into the Soviet Union in the past 50 years, and hence one might conclude that the Baltic states in fact still retain *de jure* their independence, although *de facto* they are occupied. What is the United Nations prepared to do to correct that disinformation, to make it clear that this is an international matter and not meddling in the domestic affairs of the Soviet Union?

Dr Dedring

Very briefly, the United Nations is not trying to implement a very narrow and rigid rule of international law because that would not work in a multilateral way of interaction. What we see happening is a sense of what is desirable and what is possible in a particular issue, considering that 160 member states are work-

ing together and need to be led to accept particular issues for handling. If we see a threshold of danger to the international community as a whole, the readiness to get involved at that time will increase. But unfortunately this is an issue which both realistically and formally that the Organization cannot officially articulate, and we will be at this point for a while.

LOUIS DELVOIE

INTERNATIONAL SECURITY IN A CHANGING GLOBAL ORDER

Dr George Bell, President, CISS

Ladies and gentlemen: our luncheon speaker today is Mr Louis Delvoie, Assistant Deputy Minister (Policy), at National Defence Headquarters in Ottawa. Mr Delvoie was born in Paris and came to Canada early in life. He was educated at a number of our institutions of higher learning, including Loyola College, the Universities of Toronto and McGill. He served for some time in the Royal Canadian Ordnance Corps as an instructor, then as a research assistant to the Royal Commission on Bilingualism and Biculturalism, and as a lecturer in Sir George Williams University, now Concordia. Mr Delvoie entered the Department of External Affairs in 1965 as a foreign service officer. It was at about then that I met him in the Middle East when he came to visit us in the United Nations Emergency Forces in Sinai.

Between 1965 and 1975, Mr Delvoie held a variety of assignments in Canada, Lebanon, Egypt and Algeria, and in 1975-76 he attended the Canadian National Defence College in Kingston. From 1976 to 1978, Mr Delvoie was Counselor at the Canadian Embassy in Brussels, and from 1978 to 1980 he was director of the Intelligence Analysis Division in External Affairs in Ottawa. In 1980, he was appointed our Ambassador to Algeria. In 1983, he became the Director-General of the Bureau of International Security and Arms Control at the Department of External Affairs. In 1985, he was appointed Deputy High Commissioner for Canada in the United Kingdom, and he came to his present appointment in National Defence as Assistant Deputy Minister (Policy) in 1989.

As you can tell from his background, he has a broad international experience. He has lectured extensively on international relations in universities in Britain and Canada and is published in a number of journals. He is going to speak to us today about a changing global order in the international security environment.

Mr Delvoie

I would like to suggest to you today that within the changing global order, the international security environment is characterized at one and the same time by real change, real opportunity, and real uncertainty.

Change

The change is largely attributable to new directions discernable in Soviet foreign policy, to what is now termed within the Soviet Union itself as 'new thinking' in foreign policy. It is fair to say that Mr Gorbachev's achievements in redirecting his country's foreign policy would have been virtually unimaginable under any of his predecessors. The concrete evidence of these changes, I think, first came to light in 1987 with the signature by the United States and the Soviet Union of the treaty on intermediate nuclear forces, the INF Treaty, which in terms of its provisions for asymmetrical reductions and for intrusive on-site verification represented a revolutionary development in Soviet policy and thinking, particularly the verification provisions which ran counter to a long tradition of secrecy in the Soviet Union itself.

There was then the decision to withdraw Soviet forces from Afghanistan, putting an end to an invasion and an occupation of ten years duration, an invasion which had been undertaken to try to counter the prospect of a new Islamic fundamentalist government coming to power in a country bordering the Soviet Union and perhaps contaminating the southern Muslim republics of the Soviet Union itself. The action was taken for what the Soviet Union must have originally considered valid security reasons, but Mikhail Gorbachev recognized that the venture was both costly and a failure. Rather than allow it to continue through simple political and bureaucratic inertia, as had his predecessors, he took the difficult decision to bring it to an end.

Similarly, another long-term Soviet commitment abroad, this one by proxy through the Cuban military presence in Angola, was progressively brought to an end through a process of complex negotiations involving the Soviet Union and the United States, as well as Angola and South Africa, which culminated in the accession of Namibia to independence.

We have also seen signs of change in Soviet policy in relation to the Far East. In Cambodia, the withdrawal of the Vietnamese army from that country was most likely in response to direct Soviet pressure or to Soviet suggestions that

this would be a necessary condition for continued Soviet economic assistance to Vietnam.

We also saw last year, almost coinciding with the events in Tiananmen Square, the first contact at senior political level between the Soviet Union and the People's Republic of China in almost 30 years, symbolic of a new set of Soviet policy initiatives in the direction of the Far East. This was carried forward within the last couple of weeks with the visit to Moscow of Prime Minister Li Peng.

Then, of course, there was a change in the Soviet Union's attitude at the United Nations, and particularly a willingness to operate constructively there for the first time in many years in bringing an end to the eight-year-old Iran-Iraq war. Also in relation to the Middle East, the Soviet Union took the initiative to explore the possibility of resuming diplomatic relations with Israel, which had been broken at the time of the Six Days War in 1967.

Finally, and perhaps most important, was the progressive renunciation by the Soviet Union of the Brezhnev Doctrine, by which the Soviet Union had arrogated unto itself the right to intervene in the internal affairs of the countries of Eastern Europe if the socialist systems in those countries were under threat. It would be difficult to over-estimate the importance of that abandonment of policy, and of its consequences.

Resulting from it, in large part, has been the succession of revolutions that have taken place in Eastern Europe, changes sufficiently dramatic and fundamental to prompt many commentators on European affairs to compare 1989 to 1789, 1848 or 1917. The bottom line is that the Soviet Union has for all practical purposes lost the Warsaw Pact as an instrument of Soviet security policy.

The Soviet loss in military terms, strategic terms, is two-fold. First is the loss of a hinterland separating the Soviet Union from Western Europe, a hinterland which was traditionally regarded as essential by Soviet military thinkers, so as to keep any armed conflict that the Soviet Union might have with the West as far removed as possible from its own frontiers, bearing in mind the enormous losses suffered by the Soviet Union as a result of the occupation by German forces during the Second World War. The second part of the loss is in terms of military forces, allies of the Soviet Union. By virtue of these changes, the Soviet Union has lost 1.2 million allied forces in Eastern Europe.

This is all being accompanied by the withdrawal of Soviet forces from Eastern Europe. Some of these withdrawals are unilateral, others negotiated with various countries in Eastern Europe. There are already agreements for the total withdrawal of Soviet forces from both Czechoslovakia and Hungary by July of next

year. A similar agreement seems to be in the making with Poland, and the process is likely to be furthered by the multilateral arms control negotiations on conventional forces in Europe.

Opportunity

Basically, what we are seeing is the end of the East-West divide and of the military confrontation which has characterized Central Europe for the last 40 years. From a Western perspective this is indeed a scenario of opportunity for the construction of a far more secure Western world, one no longer exposed to the threat of attack on short notice from Eastern Europe.

The opportunity, of course, is much broader than that. The negotiations on conventional forces in Europe, the negotiations on strategic weapons between the Soviet Union and the United States, the negotiations aimed at eliminating chemical weapons, all are providing opportunities for creating a more secure military balance at lower levels of forces, and bereft of some of the more threatening offensive postures.

There is also now developing a strong current of East-West military exchanges, whereby generals and marshals from the East visit freely in the West and *vice versa*. Programmes of visits of one kind or another are becoming almost routine, and are progressively contributing to the breakdown of some of the psychological barriers between the military establishments on both sides and to the building of mutual confidence.

More generally, but nevertheless indirectly related to security, are the significant prospects which now exist for the expansion of economic relations between East and West.

There are also the changes which have taken place in the Soviet Union, as a result of the policy of *glasnost*, in the field of human rights. A whole host of human rights issues, of direct concern to Western countries, are being progressively resolved. Most notable, of course, is the improved lot of political dissidents within the Soviet Union, and of the Jewish community and its increased opportunities for emigration.

But if all these opportunities are there, and there to be seized, I think it is also true to say that there is a considerable amount of uncertainty in the international security environment.

Uncertainty

If, as I suggested, the primary thread running through my comments on changes and opportunities was the new direction in Soviet foreign policy, I think that the first uncertainty one must address concerns the future of the Soviet Union.

President Gorbachev and his colleagues have given rise, through their policy of *perestroika*, to some very, very high expectations within the Soviet Union. But *perestroika* has not met those expectations on the part of the average Soviet citizen. The most optimistic economists believed that it would take President Gorbachev from 10 to 20 years to turn the Soviet economy around to the point where it would be producing a significantly higher level and quality of consumer goods for the average citizen. There is nothing extraordinary about that, bearing in mind the past structure and performance of the Soviet economy, but that still does not change the fact that politically the leadership in the Soviet Union is facing a crisis of unfulfilled expectations.

Glasnost, and all that it has come to mean, has 'taken the lid off' within the Soviet Union, not only for dissidents and political opponents, but also for a whole series of ethnic and nationalist movements in various republics. We have already witnessed some of the effects of this phenomenon in the Baltic States, in Armenia and Azerbaijan, in Georgia, Moldavia and the Ukraine, with the promise of more to come. The sources of these nationalist pressures are extremely varied, but they do have one net effect and that is to represent a threat to the continued political and territorial integrity of the Soviet Union, as well as to a much older and more ingrained idea, that of Greater Russia.

The crisis of expectations and these threats to the territorial integrity of the Soviet Union, as well as what are perceived by some as threats to its security arising from the loss of Eastern Europe and from unilateral reductions in Soviet military forces and expenditures, have given rise to opposition within the Soviet Union. The opposition emanates from many quarters, including orthodox Marxists, Russian nationalists, the armed forces and the KGB. There are many scenarios being put forward as to what all this may lead to. Reversion to something like the Brezhnev area? Generalized civil war? (Bear in mind that this would be the first time we would have to contemplate the prospect of a civil war in a country with nuclear weapons deployed throughout its territory). Another scenario is that familiarly referred to as 'red fascism,' the assumption of power by an alliance of the military and Russian nationalists, the latter deeply concerned not only about the nationalist pressures from the other republics, but also more

generally concerned about the demographic pressures which threaten their primacy in the Soviet Union. The most optimistic scenario is, of course, a linear progression of current policies based on reform, *perestroika, glasnost*, and 'new thinking' in foreign policy.

My purpose in mentioning these various scenarios is not to conclude by opting in favour of one or another, but rather to underline that there is real uncertainty as to what the future holds for the Soviet Union, and hence for the Western world's security relationship with the USSR.

Then more broadly, there are the uncertainties relating to Europe as a whole. The end of the Soviet domination of Central and Eastern Europe has already given rise to a re-emergence of nationalist, ethnic and territorial pressures, in a region where what we have known for the last 40 years serves very little as a guide to the way things may go in the future. One may have to revert back, for historical examples, to the Central and Eastern Europe of the 1920s and 1930s only to conclude that the possibilities for instability in that region are quite real. They are already manifest in Yugoslavia, Romania, Hungary and Albania.

One must look, too, beyond Europe and the central East-West relationship in assessing the international security environment. And there one still finds the traditional hot spots of the last 40 years, where a whole host of unresolved disputes continue to fester — Palestine, the Persian Gulf, Cyprus, Kashmir, Indo-China, and Southern Africa.

Many of these conflicts are, in one sense, less dangerous than they were before, because if there is a relationship of accommodation between the United States and the Soviet Union, as we have at present, there is less risk of Superpower confrontation resulting directly from any escalation of those conflicts. But these, as well as other incipient disputes, are likely to become more rather than less threatening to international security in another sense, due to the proliferation of nuclear, chemical and biological weapons, as well as of ballistic missile technologies for their delivery.

In the Third World more generally I think it is true to say that there is growing frustration over the problems of economic development due to reduced aid flows, the mounting international debt burden, and the difficulties of gaining access to markets in developed countries. All of these things can only contribute to furthering the sense of alienation and of hostility which already exists in the Third World *vis-à-vis* both the First and Second Worlds. In the longer term, this will almost inevitably lead to increased political and social instability world-wide.

Conclusion

Thus: change, opportunity and uncertainty. The dramatic changes for the better which have occurred in the security situation in Europe and in the East-West relations are very much to be welcomed. In fact they must be built upon, and opportunities for further improvement must be seized with alacrity. Old and valued security institutions must be reformed and rethought to permit them to continue to play a useful role in the face of these new political realities. It may indeed be necessary to create new institutions, anchored in the concept of mutual security, to assist in the rational management of East-West relations in future. In this, as in so many other things, the challenges for policy-makers are both exciting and daring.

In confronting these challenges, however, certain fundamental realities must be borne in mind. First, as I have suggested, neither President Gorbachev nor the 'new thinking' in Soviet policy are, of necessity, permanent or eternal. Second, even with the implementation of all of the arms control agreements currently being negotiated, the Soviet Union will remain a military Superpower capable of projecting both nuclear and conventional force anywhere in the world. Third, the end of the East-West divide in Europe could well give rise to more, rather than less, instability in certain parts of that continent. Fourth, regional conflicts and disparities between the First and Third Worlds could prove to be more threatening to global order in the longer term than they have been in the past.

In short, we are living in an international security environment which is full of hope and promise, which allows us opportunities to create a more secure world. But we are certainly not yet living in a world devoid of real and potential threats to peace and stability.

FORUM

Unidentified

It would seem that with all the changes in Eastern Europe we may have forgotten about all the problems that we are faced with in North America. It would seem that the Soviet Union has taken a lot of the initiative, while we have done little about our own problems: namely, the environmental problem, the United States involvement in Central America. It would seem that they are taking the initiative and we are shying away from it.

Mr Delvoie

I am not sure that it is so much a question of their taking the initiative. Rather, a leadership has come into office that recognizes that, in terms of its own national interests, not to change courses would be counter-productive and economically suicidal. They have managed to change a good deal. But we have not found the same need to change our basic political structures or our economic organization. So in that sense, we have been reacting to changes that they have brought about. But I think it is also true to say that in many of the fora, whether it is arms control or economic relations, we have gone forward and taken the initiative to propose new ideas, new treaties.

Unidentified

Why, then, if they have disbanded the Warsaw Pact do we still have NATO?

Mr Delvoie

They have not disbanded the Warsaw Pact. It has crumbled of itself.

Unidentified

Isn't that good? Shouldn't we do the same?

Mr Delvoie

I don't think so. NATO and the Warsaw Pact are two very different institutions.

Unidentified

One is East and one is West.

Mr Delvoie

That would be to say that the only difference between Canada and, let's say for the sake of argument, Zaire, is that one is north and one is south.

NATO is a free collectivity of countries bound together of their own volition to deal with a series of political and security problems identified in the late 1940s

and which were considered to be issues of concern throughout the succeeding 40 years. The members of NATO have remained within the organization throughout that period freely and voluntarily. In the case of the Warsaw Pact, it came into being in 1954 as a clear-cut instrument of Soviet policy, imposed upon the member countries by virtue of the presence of occupation forces in those countries, to give a veneer of multilateral legitimacy to that continued occupation. Those are essential differences between NATO and the Warsaw Pact.

Another essential difference is that the Warsaw Pact has had only a military function in all of its years of existence, whereas NATO has had political, economic, technological and scientific functions throughout its existence.

I am not suggesting that the changes in Europe are not going to require, particularly on the military side, some fundamental rethinking about the deployments, doctrines, strategies of NATO. But the basic purposes of NATO are not invalidated for that reason.

Unidentified

You mentioned the instability in Eastern Europe. Would you support any continued role for the Soviet military in peacekeeping and in maintaining the security of Eastern Europe?

Mr Delvoie

Any country is, of course, free to appeal to another country to send forces to assist it in facing some situation or another. That is simply a country exercising its sovereign right to call upon anybody to assist it. If some country in Eastern Europe called upon the Soviet Union to do that, that is their business in international law. The idea of peacekeeping is something that we have never seen done purely nationally. It is always a multinational, multilateral activity under the authority of some international body.

Unidentified

Would it not be better to keep the Warsaw Treaty in effect to some extent so that it could prevent inter-fighting between Warsaw Treaty members? One of the tasks of NATO has been to keep Greece and Turkey apart, or to stop them from fighting. Couldn't the Warsaw Treaty act upon Hungary and Romania in the same way?

Mr Delvoie

If it was the wish of those countries to remain part of the Warsaw Pact, that is one thing. But I think that quite obviously those countries are progressively voting with their feet, or with the feet of retreating Russian soldiers, and making it clear where they want the Warsaw Pact to go.

Unidentified

What, specifically, is Canada's role?

Mr Delvoie

I think that Canada is progressively formulating policies to take fuller advantage of the possibilities of a new bilateral relationship with the Soviet Union, and much of that was enshrined in Prime Minister Mulroney's visit to the Soviet Union last fall when some 13 different agreements were signed, covering everything from naval incidents at sea to more scientific and technical co-operation in the Arctic.

As for Canada and Eastern Europe, we are exploring a variety of possibilities for increasing trade and political relations with the countries of Eastern Europe. Canada has provided some $40 million in assistance to Hungary and Poland, has indicated that it is willing to participate in the funding of the European Bank for Reconstruction and Development in Eastern Europe. Beyond that, Canada is involved through NATO in the East-West arms control negotiations on the conventional forces in Europe, and is involved in multilateral negotiations on subjects such as chemical weapons. It is an ongoing process.

I would also refer to some of the things that have been made possible in the Third World as a result of the rapprochement between the Soviet Union and the United States. We have played our part in that through the despatch of peacekeeping units to Iran-Iraq and to Namibia. These are all by-products of the rapprochement.

Unidentified

What roles do you see for Canada's military forces?

Mr Delvoie

The most evident new roles are in peacekeeping on the one hand, and on the other, once a conventional forces treaty in Europe is signed, it will have provisions for on-site verification and the Canadian forces will be involved in the verification process. We have already done the first ever experimental Open Skies flight over Eastern Europe, which was part of the preparation for the negotiation of an Open Skies régime between East and West. Those negotiations started off in Ottawa in February, and are carrying on now in Budapest. That is a role that will involve the Canadian forces, through the provision of military aircraft and observers.

Mr Reginald Lewis

Mr President, members and friends of the Canadian Institute of Strategic Studies: like the President and the speaker, I was much struck when I came here today by the number of younger people who are attending this strategic studies seminar. I find that extremely encouraging. The programme is stimulating, and so are the participants, and the morning culminated with a great luncheon speaker. He spoke of the opportunities that are available to us now in the evolving East-West situation. He was extremely positive. He spoke of the military opportunities, the economic opportunities, and the matter of human rights, but he balanced that with the uncertainties that face us, uncertainties that have come about because of the high expectations that have been created by President Gorbachev and his colleagues. Then, by implication, he talked of the anarchistic interlude that might arise between the old order and the new.

It is important to have such organizations as the Canadian Institute of Strategic Studies in order to analyze events, evaluate them, and disseminate their findings to the public on the topics of the day.

We are extremely fortunate that in National Defence Headquarters we have such people as Mr Delvoie who are very deeply involved in the formulation of defence policy. He brings an intellect to that job, an education, a training, and as you heard, a remarkable breadth of experience. We are grateful that he came along today and gave us a most thought-provoking talk on a topic that is extremely topical and that generates interest and curiosity as to how we, as individuals, can deal with the issues flowing out of the evolving East-West relations.

JACQUES LECOMTE

EUROPE AND 1992

Alex Morrison

To begin our deliberations this afternoon, we will hear from His Excellency, Ambassador Jacques Lecomte, Head of Delegation of the Commission of European Communities to Canada.

Ambasssador Lecomte has been a member of the staff of the European Economic Commission since 1964 and has been in Canada since August of 1988. Included among the many responsibilities he has fulfilled at the Commission are:

- Development of Commission agricultural policy
- Preparation of the Commission's actions for the admission to the EC of Denmark, Ireland, Norway, and the United Kingdom
- Member of the Commission staff in London, England
- Personal assistant to the Director-General, EC External Relations
- Information Officer of the EC's fifty delegations to Africa, Caribbean, and Pacific.
- Officer-in-Charge of the implementation of steel production control in the Community
- Director of the 91 External Offices of the Commission

Ambassador Lecomte will speak on 'Europe and 1992.'

Ambassador Lecomte

I will speak about what is happening in Europe, and what will be the effects of 1992 inside Europe, outside Europe, and also what are the relationships between Canada and the European community.

First, it is always good to remember what countries are the members of the European Community. In 1958 there were six: Belgium, Luxemburg, the Netherlands, Germany, France and Italy. In 1973, the United Kingdom, Denmark and Ireland joined, in 1981 Greece, and in 1986 Spain and Portugal. So we are now twelve countries.

What is my role? My job in Ottawa may be of interest to you. There are three main tasks. The first one is to defend, in the interest of the European Community wherever we are, European policies, such as in agriculture, fisheries, trade, and so on. The second one is to inform Brussels about what is happening here. Like all ambassadors, I am obliged to explain things like what is happening with Meech Lake — which is not always very easy! The third one is to inform Canadians about what is happening in 1992. That is why I am here today.

What is 1992? The main objective of 1992 was launched because in the 1980s we realized that without making a big step in Europe the competitivity of our industry in all Europe would decrease, compared to the United States and Japan. That was really the point. We had twelve closed markets. And so our heads of state realized that we had to eliminate all the barriers between the member states to facilitate growth in Europe. The objective in 1992 is to eliminate all barriers for goods, for persons, capital and services. So, in 1992, a normal truck can leave Denmark and go to southern Italy or Portugal without being stopped at any border. That is really a lot of benefit.

The other aspect is that when you have free movement of goods you need to have free movement of capital and services. So after 1992, every bank in Europe and also the banks of other countries will be able to open subsidiaries anywhere in the Community.

Another aspect is the free movement of persons. Thus a Greek lawyer would be able to defend a person in the United Kingdom, a Danish lawyer could work in Portugal, and so on. It will be the same for doctors, for architects.

To realize these objectives, we will have to approve 278 pieces of legislation. Up to now, 60 per cent has been approved by the Council of Ministers of the European Community. We still have 40 per cent to approve. Some items are very difficult, such as the elimination of controls at the borders, because there are many other questions which are linked to that, like immigration, the distribution of visas, and so on. Another topic which is very difficult is the harmonization of taxation such as the value-added tax (VAT), because we have different ranges from zero to 33 per cent in the Community.

It is also very important to realize that 1992 is not the only action of the European Community. We have been developing our agricultural policy, our fishery

policy. We have an environment policy. We have just approved an agency for the environment. We have a social charter. We have developed regional policy, social policy, and we are trying to develop more and more co-operation between the 12 member states on external policy. So 1992 is part of a global view of the new formation of Europe.

What will the effects be of 1992? First, there will be more competitiveness for European firms, inside and also outside the Community. In place of 12 markets, there will be one big market. That will be a big advantage for the Community, but also of the partners, for there is no question that we will increase the production of the Community. It is not at all in our interest, although it has been claimed by some people, especially in the United States, that the Community should become protectionist. We need trade because we are the biggest trading power in the world. The European Community represents 20 per cent of world trade, the United States 16 per cent, Japan 9 per cent, and Canada 3 to 4 per cent. Canada cannot be protectionist, nor can the Community be protectionist, because exports represent 23 per cent of our GNP, the same percentage as Canada, as compared with 9 per cent in Japan and 6 per cent in the United States. So trade is vital for us; we cannot be protectionist.

To give you some other figures: our exports to the United States are $191 billion (Canadian), whereas Canada's exports to the United States are $178 billion. Another very important element to take into account are our relations with the European Free Trade Area (EFTA) countries. These are Iceland, Norway, Sweden, Finland, Switzerland and Austria, and our trade with these countries is as big as our trade with Japan and the United States combined. So you can see that our relations with these 30 million people are very important for Europe.

What is also important to realize is that 1992 has given an enormous impulse to investment and development inside Europe. Total United States investment in the European Community increased from $84 billion in 1985 to $126 billion in 1988, Japanese investment increased from $2 billion to $8.3 billion. The increase in Canadian investment has been less: from $8 billion to $8.8 billion. It is also interesting that European countries have invested a lot of money outside, to position themselves in the new world economies. Last year was the first year in which European companies invested more in the United States than United States companies invested in Europe. The trends are under way, and nothing will stop them. To quote from an article in *The Economist*: 'It means that there is something in 1992 for everyone and most branches of European business are aware of it. 1992 has become a state of mind, a set of expectations that has political force, an obsession that amounts almost to a new reality.'

What are the relations between the European Community and Canada? I think there are two different aspects: political relations and trade. We have never had any problem with the political relations between the Community and Canada, and over the last year there has been an increase in the relations between the European Community and Canada. At the end of March, the Deputy Canadian Prime Minister went to Brussels; next week the Vice-President, Mr Marine, for Fisheries, is coming to Canada, and at the end of May we will have the Vice-President for External Relations. The Secretary of State for External Affairs, Mr Clark, is going next week to see the President of the European Council. So our relations are increasing, which is very good for both parties.

There are some irritants on the trade side, but then perhaps you cannot have life without irritants between partners. The main irritant is the fishery. We are trying to find a solution for this problem between Canada and the European Community, and that is why Vice-President Marine is coming next week to Ottawa for discussions with the Canadian government. We are very optimistic that one day we will have a solution for this very difficult problem. There are also irritants with regard to trade, mainly about agricultural products such as beef and wheat. But all these things are now under discussion and are moving quite well on both sides.

What will be the impact of 1992 for Canadians? First, European companies will be more competitive on Third World markets, and that will have some consequences. Secondly, you will not have to face 12 different markets in the European Community. Canadian firms will have one big market of 225 million people. In future months the 17 million people of East Germany will be added. If you add to that the 30 million people in EFTA, you arrive at 370 million, and if you add the rest of Eastern European countries which surround the European Community, you reach a total market of around 500 million people, which is nearly double the American market.

So Canadian companies will have to realize that there are opportunities there. Some, like Bombardier, Northern Telecom, Alcan and others, have realized that already and are trying to establish themselves, but other companies in Canada must realize that they should not only look south, but also across the Atlantic. There are niches in the markets there and I am sure they will find them. I always say as an example, if we Europeans are able to export water in bottles to Canada, I am sure you are able to export other products to Europe! It is simply a question of finding the right product and applying good marketing.

Another thing to notice about Canadian exports to the European Community is that the structure of these exports has remained unchanged for years. They

are mainly raw materials, forest products, and so on. It is important for Canada to realize the opportunities for middle-sized enterprises in more highly processed goods.

The European Community had a trade surplus last year of $4 billion — which is good for us if not so good for Canada. We are very happy about the future of our trade relations.

As you are here on a strategic studies session, you have to realize that things are changing very rapidly in Europe. The 1992 process is under way and will not be slowed down. On the contrary, we are trying to propose new objectives towards a monetary and an economic union, a central bank, more power for the European Parliament, and also, more recently, Mr Kohl and Mr Mitterand have proposed political union. These are new objectives for the 12 in Europe. We are also trying to define our relations with the EFTA countries to create a huge European economic space so that we will have free movement of goods, services, capital and persons not only among the 12, but also between the 12 and these six countries.

In the other important part of Europe, the Eastern European countries, a lot has to be done if they want to compete with our economies, but we will try to assist them. A European Reconstruction Bank has been implemented, where the European Community has 51 per cent of the capital, and Canada has around five per cent. So there is a third range of countries.

There is also a fourth range of countries: all the countries around the Mediterranean Sea. From Turkey to Morocco, these countries represent 200 million people, and by 2025 they will represent 400 million people. They are an important element for us in the determination of our future.

What will be the future of NATO? What about the relations between the European Community and the United States? We have started to develop the relations between the Community and the United States, as in Canada. In terms of security in Europe, we are also trying to find new ways of co-operation. A lot of things have already changed in 1989, but now we have to implement all these changes already agreed upon. We want to move very quickly because we realize that the Community is probably the most stable element in Europe, and therefore we have to strengthen it to ensure stability for our future, for the future of all Europe and for the future of peace.

Mr John Cameron

You spoke of the coming together of the German states and Eastern European developments in the context of the free flow of goods and services and ultimately people. The flow of people in the broader Europe probably has some consequences for the immigration policies between what is now Western Europe and Eastern Europe, and also some consequences for the internal security of countries such as the United States and Canada. Could you comment on how the movement of Eastern Europeans into the broader European scene, and ultimately perhaps moving to other parts of the world is being addressed in the lead up to 1992?

Mr Lecomte

That is the subject of a whole conference!

I am not at all involved in defence, so I cannot comment on that. The main problems, as I see them, are the future of NATO and how to deal with the unification of Germany. So you have to maintain Soviet troops in East Germany and how does that fit with unification? That is a big political question which is not solved because of the Soviet position on that.

But one thing that has been said recently by Mr Kohl and Mr Mitterand is that if Europe is going ahead to political union, then we will have to think about defence policy on the part of the 12. How will that fit with NATO? How will that fit with the rest of Europe? Up to now, nobody has said anything about that. But that question is on the table.

You also spoke about immigration, the free movement of people between the Eastern and Western parts of Europe. If we have the unification of Germany, the case of Germany is solved. There is no problem. For the rest of Europe, the important thing is that if we eliminate all the border controls inside Europe then we will need to organize the border control outside Europe, and to have nearly the same immigration policy throughout. This will be difficult. France is perhaps more open than others. But the problem will have to be solved. If you open immigration you also have to fight drugs, and to do that you have to organize relations between the various police forces. Each time we take a new step we discover new problems, and we have to keep seeking solutions.

Mr Cameron

Will that delay 1992?

Mr Lecomte

No. What we are aiming for is to have all the processes of 1992 completed by the end of 1992. If there are delays, they will probably be caused by the question of the control of persons at the borders, the question of VAT, and the question of sanitary and veterinary controls which are different in different member states. These are the three dangers for 1992.

Wayne Fleming

How will the ECU relate to currencies such as the pound in exchange rates in 1992?

Mr Lecomte

On the economic and monetary side, propositions are on the table of the 12, who will have a big conference at the end of this year to agree, nor not to agree, on the next step to have monetary union. If we have monetary union, that will mean that we would have to have one currency, which is the ECU, the European currency unit.

Andy Knight, York University

You painted a very optimistic picture of 1992. Is there not some room for pessimism in certain areas? In the movement towards the integration of the economies of Western Europe, there will be some winners and losers. Some companies will thrive, others will diminish. There will be some disaffection. Will that pose any problems in terms of the implementation of 1992? Will it delay the process?

Mr Lecomte

It is one of our big concerns that in the process the richest regions do not become richer and the poorest poorer. Up to now we are seeing a growth rate in Europe of three per cent, which is very high. We expect that to continue next year.

But in countries like Spain and Portugal the growth rate is 4.5 per cent. Ireland is also doing quite well. So the less developed regions are actually doing quite well. We also have instruments to help them: regional policy, agriculture funds, social funds, special funding for Mediterranean countries. These countries are a bit anxious, with the developments in Eastern Europe, and they want to be reassured that all the funding they need to develop themselves will not be sent to Eastern Europe. They want some guarantee for the future. We can help Eastern Europe, but we must not lose anything. It is a difficult question.

The objective of 1992 is clear, but it is certain that we will have some difficulties in some sectors.

Commander Robin Corneil, Directorate of Military Strategy, NDHQ

In the context either of an expanded European Community, or in the context of a diminishing number of increasingly large common markets around the world, where and how do you visualize the Soviet Union (or Russia, if the Soviet Union disappears) to fit?

Mr Lecomte

I don't know if anybody has the answer to that. We have to see first where Russia is going and what they are going to do internally. How will this very important and impressive country deal with all its different nationalities? Perhaps what is being done in the Community is a good example for them in that we respect all the different countries and have free countries working together. I do not know where the Soviet Union is going, but there will be many changes in the near future, that is certain. They will always play a major role, just by virtue of size and population.

Cdr Corneil

As a possible member of the European Community?

Mr Lecomte

It is not excluded by the Treaty, which says that all European countries could become members of the European Community. But I have some doubts about Russia reaching the level of economic development of the countries in the Com-

munity very soon. Right now we have 12 countries in the European Community, but if some day we have 24 or 26 countries in it, then the objectives and management of the Community will be changed. At the moment we are considering offering special agreements with countries outside, such as the EFTA countries. Maybe special propositions will be made with regard to the Eastern European countries. We wish to encourage growth for all, but not to enlarge the actual club so much as to make it too difficult to manage. First, we want to finish what we have started.

Mr David Pershey, Glendon College, York University

This is a rather specific question. You mentioned Bombardier. Last week the *Globe and Mail* quipped that when Bombardier bought Lear Jet in the United States it was the first purchase they had made without government help. When they bought Short Brothers of Belfast I am assuming there was some type of subsidy there. Does the Commission have a policy to object to certain subsidies given by governments outside the EC? If so, what will that policy be after 1992? How will this affect Canadian companies trying to position themselves inside Europe?

Mr Lecomte

We have a very tough competition policy and strict rules. When any government is giving financial support to implement a company it will always go through the scrutiny of our people in Brussels to be sure that the competition will remain fair. If it is discovered to be unfair towards other companies inside the Community, then sometimes the companies are asked to reimburse the state. That has been done in Italy recently, and also in Belgium, where Volkswagen planned a new plant. If they don't do it, then we go to the Court of Justice who will make binding decisions, which they are obliged to follow.

Mr Fred Russell, student, Glendon College, and CISS Intern

There were concerns expressed in Canada about our sovereignty over our economic union with the United States. There have also been concerns expressed within member nations of the European Community about their sovereignty. How will 1992 affect the sovereignty of individual states? Is this effect positive or detrimental to the sovereignty of each member nation?

Mr Lecomte

I will not comment on the relations between Canada and the United States. The realization of the objectives of 1992 has no important transfer of sovereignty included. The big transfer of sovereignty arises when you become a member of the European Community, because then you accept the institutions, such as the European Court of Justice which takes decisions that are binding for all the member states. That is the top court in the Community, and no national court can take any decision against it. If any government passes legislation that is against the ruling of the Court of Justice, they have to change that legislation. It is like a federal court, and involves a very large transfer of sovereign power that you accept when you become a member.

If we should go to monetary and economic union, there will be a further transfer of sovereignty from the parliaments of the member states to some Community institutional bodies like the European Federal Bank, which will cover all the national banks. Therefore there are some countries, most particularly Britain, who have some concerns about that. But those are new concerns. We have no concerns about the implementation of the objectives of 1992.

ALEXANDER B. WOODSIDE

THE FUTURE OF CHINA AND ITS INTERNATIONAL IMPLICATIONS

Alex Morrison

Our next speaker, Dr Alexander Woodside, is a Professor at the University of British Columbia where he has taught Chinese and Southeast Asian history since 1975.

Dr Woodside received his undergraduate degree in Modern History from the University of Toronto and a Ph.D. in History and Far Eastern languages from Harvard University. He has taught Chinese and Vietnamese history at Harvard, where he became the Kenneth Young Professor of Sino-Vietnamese Studies. He is the author of *Vietnam and the Chinese Model, Community and Revolution in Modern Vietnam, In Search of Southeast Asia: A Modern History*, and (forthcoming) *Education and Society in Late Imperial China*.

Dr Woodside has been to China on numerous occasions and thanks to his Canadian passport was the only Harvard faculty member to have witnessed the beginning of the Cultural Revolution. He will speak on 'The Future of China and its International Implications.'

Dr Woodside

Let me begin with some differences between the Chinese situation and the situation in Eastern Europe, and more particularly, the differences between China and the situation in the Soviet Union. At first glance, it looks like the same sort of thing: a Leninist dictatorship under seige, both by public opinion and by the needs of economic and political modernization.

The coherence of dictatorial rule in China is not threatened by system-endangering ethnic turmoil. The Chinese outnumber their ethnic minorities in

a way that the Russians may never hope to do. In the Soviet Union there are 145 million Russians facing 145 million non-Russians. In contrast, well under ten per cent of China's population of 1.1 billion people belongs to China's 55 ethnic minorities. So you have a situation in which even in that part of China which is called Inner Mongolia, ethnic Mongols amount to about two and a half million people out of 20 million.

The relationship between ethnic turmoil and political reform is not, of course, just a numbers game. Ethnic minorities with sophisticated economies enjoy a certain leverage that those with primitive economies do not. Sooner or later, one suspects, Mr Gorbachev may have to make some concessions to the Lithuanians, if only because the Lithuanian economy is advanced enough to induce at least some conciliatory attitudes on the part of outside rulers who want to profit from its advanced nature. None of China's ethnic minority economies is advanced enough to have a similar sort of political weight within China. The obvious example, if you want to look for something comparable to Lithuania, would be Tibet. Tibetans are certainly every bit as proud as Lithuanians, and the fact that martial law in Beijing in June of 1989 had to be preceded by martial law in Lhasa in March of 1989 has given rise to jokes within China about the Tibetanization of Chinese politics. What is really happening is that Tibet, which contains almost one third of China's water-power resources — a fact that you don't hear about very often, is being annexed to the superior Chinese economy. To give you some sense of what is going on, in 1989 the Chinese state investment in construction projects in Tibet increased by 57 per cent over the investment of a year earlier. About half of this investment is devoted to highway building and energy projects.

This type of economic integration, unlike the kind of economic integration the Lithuanians have with the Soviet Union, does not require the existence of a Tibetan middle class with ideas of its own to help make it work. Quite the contrary. The Chinese government clearly sees itself as an exalted economic benefactor in Tibet, not as a more equal economic partner, using China's superior wealth and sophistication to make Tibetans indebted to the People's Republic of China. A lot of that is wishful thinking, I might add.

The elderly leaders of China have no fears of the breakup of China through ethnic turmoil. Why are the leaders of China as paranoically insecure as they revealed themselves to be last June? The answer is that China's leaders do not fear the disintegration of China so much as they fear the central government's loss of control over Chinese society.

To begin with, trying to govern a country of 1.1 billion people through a sin-

gle badly divided political party, which itself has swollen to almost 50 million members, is a political experiment which has no precedent in world history. It is obviously a venture of almost unimaginable complexity. The population explosion alone means that effective government in China gets smaller in relative terms each year. In 1760, the population of China was 200 million. It took 140 years, to 1900, for it to grow to 400 million. It took another 54 years for it to go to 600 million in 1954. It then took only 15 years, to 1969, to reach 800 million, and only 13 years, 1969 to 1982, for it to go to one billion people. In other words, the time span between each increment of 200 million people has steadily shrunk from 140 years to 13 years. In retrospect, I think the most amazing thing about Mao Tse-tung is that he was not more nervous about ruling a country that added 200 million people every 15 or 13 years. On the surface, he was not nervous. In 1957, the president of Beijing University, a very famous economist, published a 25-page pamphlet called *A New Theory of Population*. This book argued that class warfare was not the most important problem in contemporary China, but rather the contradiction between too many people and too little land. Mao Zedong had him fired from the university. In 1979, 22 years later, the Chinese government rediscovered Professor Ma who was then aged 97, and proclaimed him as a great and patriotic economist. That must set a world record for the geriatric rehabilitation of academics.

Every year since 1986, actual Chinese population has gone beyond the government's population control targets, proving these targets to be paper fantasies. The Chinese government now knows that its official population statistics for the late 1980s are not accurate, and that the government has consistently underestimated the reproduction capacities of a very young society. Last year, in 1989, some 14 million Chinese babies were born in excess of the legal population growth which the Chinese government had reluctantly anticipated. In other words, they had anticipated a large growth, and something like the population of Australia or the Netherlands showed up in addition to the growth they had planned.

Suppose Ottawa planners were faced every year with the appearance of 14 million new Canadians! It is hard to think of more humiliating proof of a government's lack of knowledge of and its lack of power over its own society, especially peasant society, because that is where it is happening.

This relative shrinkage of the effective Chinese government every 13 or so years begins to help to explain why even in politically quiet times Chinese governments would fret about their lack of control over fax machines, the broadcasts to China from foreign broadcasting services, and so on.

There is a good deal more to it than that. In the 1980s, the Chinese political and economic system underwent considerable practical decentralization. Provincial governments, special economic zones, so-called 'open cities,' so-called 'open coastal regions,' all gained more authority than local administrative units in China has previously had. They gained more authority to make decisions about budgets, about investment, about planning, about the allocation of materials. By 1989, China's top leaders would require a major political struggle to get back the authority they had granted to the provinces, the municipalities, the special districts, special counties, and so on. So there was a sort of practical decentralization of the Chinese government in the 1980s.

This is accompanied by something else, and that is the top leaders' loss of their leverage over much of the Chinese economy. We do not know how much of the Chinese GNP moved outside the reach of the top leaders or beyond the control of the central bureaucracy in the 1980s, but informed experts suspect that if you count things like the Chinese underground economy and the black market, the productivity of individual business men and local enterprises, revenues of local governments outside of the official budgets — local governments which might set up their own treasuries — and foreign business activities, it is possible that between one third and one half of China's GNP moved beyond the Chinese central government's effective control. A Canadian might say that this sounds like the emergence of some nice clean federalism of the pugnacious Canadian variety which we all find so blissful.

But the problem here is that there is no historical tradition of legitimate federalism in China. The old Chinese imperial political system, which came to an end in 1911, found it difficult to delegate power on any sort of 'constitutional' basis away from the central government. The Leninist formula of democratic centralism, which the Chinese have borrowed in this century, is a nice fudging way of talking about unquestioning obedience to the centre, and which the Cheng Zemin-Li Peng government has been trying to reinstate in China in 1990, is in China just a continuation of the old imperial tradition.

You can sum the whole thing up by observing that in the 1980s China became increasingly federal in fact while remaining a unitary state in theory. This discrepancy in contemporary China between unitary theory and federal fact, this widening of the real China from the political theory, has worsened in the minds of the central leaders through the problem that the Chinese Communist Party, which is supposed to be the vanguard in Chinese politics, is now so large that it includes just about every shade of opinion that you can imagine, including Christianity. I know a member of the Chinese Communist Party who reads her

Bible every night. There is no question that this party is divided; it is divided right up to the very top. Add to that fact that in the Mao period, at least some parts of the Chinese population really were motivated by communist ideology. In the 1980s, control of the people through ideological persuasion no longer appeared to be possible. The legitimacy of the Chinese government is now based upon the provision of a rising standard of living, and not upon ideological calls to arms.

This transition in Chinese politics was inevitable, and it helps to explain why, in the late 1980s and in 1990, economic difficulties create a discontent in the Chinese people that would not have been so apparent in the worse economic circumstances of the 1960s when ideology still counted for a lot.

In a situation like this one, where authority has become more and more muddled and fragmented, what are the prospects in China for Soviet-style *glasnost* and *perestroika*? I am not a Soviet specialist, but I have the impression that in the Soviet Union *glasnost*, openness, the public dissemination of accurate information about the performance of the government, was prompted by the failing economy, and by two other things. These were, first of all, a desire by the rulers at the top to expose and chasten entrenched bureaucrats at the middle and lower levels of the government and thus reduce their capacity to obstruct the central government, and secondly and very importantly, the emergence in Soviet society of a huge (by previous standards) white collar professional class of journalists, economists, lawyers, scientists, doctors, academics, all of whom were hungry for information and had no tolerance for government conducted by secretive thugs of the Brezhnev type. Mr and Mrs Gorbachev themselves (he is a lawyer, she is a sociologist) epitomize this new post-war white collar Soviet intelligentsia.

I would say that in China, the first factor which prompted Soviet *glasnost* — the desire by top Soviet politicians to weaken the positions of obstructive officials beneath them through exposure of their behaviour — that factor is certainly there. It even finds support in the historical position by which Chinese emperors would announce that they were opening 'channels for criticism.' When the emperor announced that he was opening channels for criticism he did not mean of himself; he meant of his subordinate bureaucrats. This type of *glasnost* belongs more to traditional power politics than it does to a science-oriented world in which information has to be abundant and free.

The second factor which has promped Soviet *glasnost*, that is, the emergence of a large information-craving intelligentsia, is not present in China to nearly the same degree. Modern higher education did not expand in the 1980s in China

in a manner comparable to its Soviet counterpart, or even to higher education elsewhere in Asia. In 1987, for example, only two percent of all Chinese in the university student age group were actually at a university, as contrasted with nine per cent in India and eleven per cent in Pakistan. These statistics, by the way, appeared in the Chinese press.

In the middle of the 1980s, the Soviet Union was spending almost seven per cent of its gross national product on education. China was spending about 3.7 per cent of its smaller GNP on education, although the Chinese population as a whole is much bigger.

In other words, we are not going to see the emergence in China in the near future of a domestic professional class with the same significant proportion and with the same political leavening capacity as the Soviet one. This, of course, makes the bravery of the critical white-collar professionals and students and intellectuals who do exist in China all the more remarkable. The most famous example is Fang Lizhi, the Chinese physicist who is now caged indefinitely as a refugee of the United States Embassy in Beijing. These people do not have a huge number of people like themselves behind them as the Soviet ones do.

Speaking of Fang Lizhi, we might well ask ourselves why would this one scientist, with no army at his back, with more supporters in Cambridge and Rome and Princeton than in the Chinese countryside, why would he so terrify the leaders of the world's biggest state? An equivalent figure in Canada would be ignored by Canadian politicians. It is hard to imagine any Prime Minister of Canada, especially the present one, sitting up all night worrying about what Northrop Frye or John Polanyi thinks about his policy. But in the very different Chinese political world, rebellious intellectuals were both the moral conscience of their society and the harbingers of dynastic collapse. Emperors were fearful. They mistreated and feared them. One emperor of China buried scholars alive, to put them in their place! Another more sophisticated emperor, in the 18th century, pretended to be the author of no less than 42 000 poems in order to convince the Chinese intellectuals that he was a scholar too. So Chinese tradition encourages anxieties about intellectuals by the ruler.

A much more modern reason why the current Chinese government fears physicists, like the one who is holed up in Beijing, is because the Chinese government is, in its own eyes, a Marxist-Leninist dictatorship which claims to worship science. Communism is 'scientific.' That is the official ideology, so the opposition of distinguished scientists, themselves the product of this new science-loving China, that repudiates the Chinese government's claims to legitimacy, is dangerous. It is important to keep in mind that people like Fang Lizhi were not created

before 1949. They come from universities created by Chinese leaders. Fang Lizhi comes from a science and technology university which Deng Xiaoping helped found in 1958.

In spite of this, however, the more general point I want to make is that given China's big peasant population, which is growing bigger all the time, at the very low rates of Chinese university education it will be some time before we see in China a professional class with as large a social base as the professional class in the Soviet Union from which Mr and Mrs Gorbachev and their supporters come.

With respect to China's future, power at the top belongs to individuals in China, individual persons. It does not belong to institutions. It also belongs to networks of people who are personally loyal to different top leaders. The upper government of China is really a series of interlocking personal fiefs, patrimonial fiefs, which means that there will always be considerable factionalism and no rules whatsoever for the succession, and for that matter no rules for the introduction of new people into the top policy-making bodies on a basis of merit. You get pushed into the top policy-making bodies on the basis of who you know among the very top leaders. In short, it seems likely that there will be some sort of very messy succession, which will probably do nothing to improve the government's low reputation in China, or the dwindling appeal of its ideology. In such circumstances, there is the obvious danger of what one might call 'Bonapartism.' The Chinese revolution would not be the first one to end with a military figure trying to restore its coherence in his own way. The new General Secretary of the Chinese Communist Party, Jiang Zemin, warned the Chinese army last November that it must not just be a 'mighty army' but it must also be a 'civilized army' as well. I think we can infer from that a certain amount of anxiety about the evolution of the armed forces. There is also little doubt that certain elements of the armed forces were not sympathetic to what happened in June of 1989. Some reports have it that more than 3500 armed forces officers are under investigation for their involvement in the pro-democracy movement.

What are the international implications?

Canadians are not much in the habit of thinking about the island of Taiwan, no doubt in part because of our residual national distaste for the Americans' fanatical Taiwan-centred China policy in the 1950s and 1960s. On any given day you will see more about the future of Hong Kong in our newspapers than about the future of Taiwan. The future of Hong Kong is now more or less decided, and in any case it is something of a sideshow compared to the importance of the undecided leftover business of the future of Taiwan. This is surely

one of the great buried time bombs in Asian and world politics. Taiwan represents the unfinished business of a brutal Chinese civil war. It is more intractable than the split between East and West Germany because the split between Taiwan and the mainland was made by the Chinese. It was not externally imposed, as the German split was.

The 20 million people who live on Taiwan are, by their very example, one of the great destabilizing forces in mainland Chinese politics. Economically, the performance of Chinese capitalism has now become so dramatic that Taiwan rivals Japan as the top foreign investor in Southeast Asia. Total Taiwan investment in Indonesia, for example, may be as high as two billion dollars (U.S.). It is incontestably true that the Chinese Communist government's embarrassment by the booming ethnic Chinese economies just outside its borders was one of the major reasons for the opening of China itself in 1978. Taiwan has had that destabilizing effect economically.

The political destabilizing effects are the most interesting for the future. Until early 1988, Taiwan was ruled by two well known political refugees from mainland China, the Kuomintang party dictator Chiang Kai-shek who fled to Taiwan in 1949 after losing the civil war to the Communists, and his song Chiang Ching-kuo, who succeeded him.

What is interesting is that in 1987 martial law was finally lifted in Taiwan. In 1988 Chiang Ching-kuo died, and a native-born Taiwanese, Lee Teng-hui, became the President of the Taiwan government. President Lee is still subject to the authority of a very elderly National Assembly of refugee mainlanders, but genuine elections are now held in Taiwan and there is a definite impetus there towards middle-class democracy. With the impetus towards elections and democracy, some native Taiwanese politicians have openly proposed that Taiwan become an independent country, rather than continue — as it remains in theory today — to be a dissident province of China.

Chinese State Chairman Yang Shangkun, who was one of the architects of the massacre in Tiananmen Square last June, warned a few months ago that the Taiwanese government included secret supporters of Taiwan independence, and that 'China would absolutely not allow Taiwan to go in for independence.' So you can imagine two extreme possibilities, as well as a number of less extreme ones. One would be a Taiwanese declaration of independence from China, followed by an attempted Chinese invasion of Taiwan. Such an invasion would not be easy. Taiwan still gets more than $600 million worth per year of United States military hardware, despite the $20 million per year reductions in that aid ordered by the United States-Taiwan Relations Act in 1979, and Taiwan gets

another $400 million worth of military goods annually from the United States arms industry, called 'technology assistance.' Any such invasion of Taiwan might destroy the Beijing politicians who attempted it.

The other more pleasant future possibility might be that the accelerated democratization of a prosperous middle-class Taiwan, without the political drag effect of 800 million peasants, would force mainland China to at least mimic some of the democratization, in order to keep Taiwan within its own orbit longer. In this latter scenario, Taiwan would function as the catalyst for change within China, as the Soviet professional classes function as a catalyst in the Soviet Union.

At any rate, the fate of Taiwan cannot remain unresolved forever. It remains the single most sensitive international issue in Beijing's eyes, partly because Chinese leaders do not regard it as an international issue at all.

REZSÖ BÁNYÁSZ

EUROPE PRESENT AND FUTURE: A HUNGARIAN VIEW

Alex Morrison

The last speaker at our seminar is His Excellency, Ambassador Rezsö Bányász, Ambassador of Hungary to Canada. Ambassador Bányász came to Canada in 1988 from Budapest where he was State Secretary, Chairman of the Information Office of the Council of Ministers, and Spokesman of the Government.

Following graduation from the University of Budapest, he served as a Foreign Editor and then entered the Foreign Service in 1961. Subsequent postings included: Press Attaché in Stockholm, Deputy Head and subsequently Head of the Press Department in Budapest, Deputy Permanent Representative of Hungary to the United Nations in New York, Vice-Chairman of the Hungarian Delegation to the 1977 Belgrade meeting of the Conference on Security and Co-operation in Europe, and Ambassador of Hungary to the United Kingdom.

Ambassador Bányász is the author of eight books, the latest being *10 Downing Street: British Prime Ministers from Sir Winston Churchill to Margaret Thatcher*.

Ambassador Bányász will speak to us on 'Europe Present and Future: a Hungarian View.'

Ambassador Bányász

Mr Chairman, ladies and gentlemen: the famous physicist, Mr Niels Bohr, was once asked about the future prospects of science and mankind. True or not, he started his answer with the following remark: 'It is very difficult to make predictions, especially about the future. . .'

Well, we Hungarians understand fairly well the truth behind this partly witty remark. During the many, and mostly unexpected, turns of our eleven hundred year history in the heart of Europe we have learned over and over again that

making predictions is a really difficult and thankless job — sometimes even about the past.

Still, people expect scientists, politicians or historians to make more or less exact prophecies about the future. But the very first thing a social scientist learns during his studies is that historical or social processes do not follow the rules of mathematical logic. The extrapolation of present events to the future may count with everything but the most important: the human factor. And today as much as ever, the human factor adds the most to historical changes. Forgetting about this has already become the cause of many historical tragedies.

In the last few years world attention has turned toward the old continent, Europe. Many countries of the Third World already complain about too much attention being paid to Europe and East-West relations. Statesmen, politicians, thinkers try to understand the meaning and the motive forces of changes in Eastern-Europe and bring up the question: What will Europe look like in the last decade of our millenium? I don't think anybody has a complete answer. And certain partial or ideologically motivated answers — like those stating the complete victory of one side over the other — do more harm than good. Eastern Europe nowadays is full of expectations and if these expectations are not met, we shall face extreme difficulties. I can give, naturally, only some Hungarian answers to the questions discussed today. But remember, the Hungarian is the person who enters after you in a revolving door and still steps out before you.

I hope you noticed that I have mentioned Hungary's place at the heart of Europe. Rightly so. We have never been a part of Eastern Europe historically, culturally or spiritually, although we are still called by some an 'Eastern-bloc country.' By the way: the term 'East-bloc' or 'Eastern-Europe' was and is misleading. I remember a conversation in London, with Prime Minister Thatcher in February 1984, the day before she left for her first, historic visit to Hungary. She asked me the question: 'Tell me, Ambassador, are all East European countries about the same?' And I answered: 'Yes, Madam, about as much as Great Britain and Spain and the Netherlands and Greece are the same Western European countries.' She fully understood my reply, and her visit was a great success at a time when East-West relations were at a freezing point and in Europe you could feel the winds of a new Cold War. It's hard to believe that this happened only six years ago.

The first question put by people all over the world is about the speed, the pace of changes in Eastern or Mid-Europe. How come that in practically two or three years time the complete European theatre and scenario has changed? There is no 'Iron Curtain' any longer — it was we Hungarians who started to

dismantle the barbed wire, and others have followed our example. There are fewer and fewer foreign troops on the territory of other European countries. Later I will speak about one aspect of troop withdrawals, namely the withdrawal of Soviet troops from Hungary. The unification of Germany is on the agenda of the two German states and of course of the four victorious powers. The two military blocks, NATO and the Warsaw Treaty, mutually gave up their mutual enemy-fixation and started constructive talks. Member states of the moribund COMECON are looking for co-operative ties with the Common Market. Western businessmen are off to Budapest and other Eastern-European capitals to look for profitable investments, joint-ventures, which we warmly welcome. How could all this happen in such a short time?

People who prefer simplistic interpretations used to answer this question in two ways. These historic changes are due, first, to the strength of the Western market economy, an answer which is basically true, and secondly, the so-called G-phenomenon — that is, the personality and the policy of *glasnost* and *perestroika* of Soviet President Gorbachev. I do not want to be misunderstood for a moment, so I add immediately: every good Hungarian — atheists included — prays twice a day for the well-being and success of Mr Gorbachev. His role can already be deemed an historic one. Still I feel that to find the whole truth we should dig even a bit deeper in order to understand the real, not cosmetic, changes in Mid-Eastern-Europe, those changes which will prevail — no matter what.

It is not easy to answer what is really, or more modestly, what is possibly, behind the new strategic ideas of Mr Gorbachev or Mr Sevardnadze, or the group they represent in the Soviet leadership. What kind of a new evaluation of Soviet economic, military, political or moral strength took place before they took office? What have been the main weaknesses they have realized? I feel the evaluation of the situation possibly gave very similar results to that which Dr Henry Kissinger presented to the American leadership in his famous study in 1957: *Nuclear Weapons and Foreign Policy*. It was in this book, as you remember, that Dr Kissinger first scientifically demonstrated the difficulty or even impossibility of maintaining a 35 000 kilometre long advanced post in the world. He stressed that not even the enormous economic and military power of the United States has been enough for this aim, this kind of containment. And as you remember well it has taken ten more years and countless victims in a bloody war in Vietnam for Dr Kissinger's ideas to become generally accepted by the leading circles in the United States.

The Soviet Union needed the bloody invasion of Afghanistan to learn the same

lesson: the impossibility of maintaining world-wide advanced posts in Angola, in Mozambique, in Ethiopia, in Nicaragua, in Cuba, in Vietnam, Laos or Kampuchea, and to learn that a global nuclear military power does not need a *'cordon sanitaire'* in the neighbouring countries. But to draw all the necessary consequences of this global evaluation is seemingly not an easy ride. Even in our part of the world it's a long way to the common European House.

The most unnatural thing that happened to Europe, probably since the Napoleonic wars, was the complete division of the old continent for almost fifty years. The Second World War made the movement of people and ideas impossible as early as 1940, and since the war ended, more than forty years have passed. But as you are fully aware the European identity and the European cultural community goes back more than two thousand years. The Hungarians Franz Liszt or Béla Bartók were as much a part of the common European heritage as the Italian Leonardo da Vinci or the Polish Frederic Chopin, the German Mozart, the Austrian Schubert or the French novelist Victor Hugo, the Russian genius Leo Tolstoi, the Spanish master Picasso or the Finnish composer Sibelius. Paris, London, Berlin, Vienna, Venice, Budapest or St. Petersburg (Leningrad) have always been an integrated part of Europe. And we Europeans feel this from deep inside. It was to this European spirit that the great Hungarian poet, Attila Jozsef alluded when the German genius, Thomas Mann visited Hungary in the 1930s: 'Come and sit down here with us, for it's so good to see amongst all these white men, a European. . .'

And I felt the same spirit in the speech of Mr Hans-Dietrich Genscher, Minister for Foreign Affairs of the Federal Republic of Germany at the Open Skies Conference in Ottawa, February 13, 1990. He said: 'I reaffirm what Thomas Mann said as early as 1952: We seek a European Germany, not a German Europe. That is our rejection of the power politics of the past, it is our recollection of the European mission of the Germans.' I mentioned here the first phase of the Open Skies Conference in Ottawa. As you know the second phase started in Budapest, ten days ago. Later on I will speak about this special Hungarian-Canadian 'common enterprise.'

Not only the forced division of Europe, but the presence of more than a million foreign troops stationed in many European countries — the biggest military concentration in the world — made the post-war situation unbearable. So it was only natural that at the first given moment East Europe has started to throw off the worn-out strait-jacket.

But the whole process of European re-unification, which is much more important than the creation of the Common Market or the German unification, started,

in my opinion, with the Helsinki Conference on European Security and Co-operation, the famous CSCE in 1975. It was there that the representatives of 33 European states plus the United States and Canada realized that they had to put an end to the Second World War in Europe and start to build up new co-operative relations with each other. And it was in the following years that different meetings of the CSCE member states, the so-called 'Helsinki process,' opened up new ways and means for peaceful reunification of Europe. The consequent acts regarding all 'three baskets of the Final Act': political, inter-state relations, economic co-operation, recognition of cultural and human rights, did more to change the undercurrents in post-war Europe than any agreements of certain Great Powers.

What is Hungary's aim or goal in this process of building up a common House of Europe or European House? Last time, when an American journalist asked me this question, I told him that our main aim is to survive the next thousand years as well in the Carpathian Basin and to remain Hungarians — representatives of a very rare language and a distinct culture. We are only ten and a half million people at home; some three million Hungarians live in the neighbouring states, and about one and a half million Hungarian-born people are spread all over the world. So while we completely understand and recognize that this is the age of interdependence we want to participate in the new international order as Hungarians.

We recognize the great significance of the integration of Western Europe. It is a completely new historical phenomenon on our continent. We congratulate the countries of the European Community for successfully overcoming centuries-old national hatred and rivalization. We wish them well in all their endeavours of closer co-operation with each other, and we are sincerely grateful to them for the understanding and assistance recently given to us. We hope one day they will be ready to welcome us in their midst.

We do not want to build up any new 'counter-community' in our part of the world. We wish to co-operate with the Soviet Union and the other neighbours mainly on a bilateral basis, on world-market prices, in a convertible currency.

Returning to the European theatre, we should not forget that all the current positive economic and political changes have been developed on the basis of an extremely long period of undisturbed economic boom. Can anyone foretell or promise that the same trend will continue forever or at least until the end of this century? And who can predict the social consequences of an economic decline, recession or crisis in Germany, in Western Europe or in Europe in general, and the political behaviour of the masses?

We Hungarians do sincerely believe that the Germans are as much entitled to live in a united country as any other people. And we do agree as well that the best solution is to keep the unified Germany in the Community. At the same time the historically well-founded concerns of Germany's neighbours should be taken into serious consideration. That is why it is not desirable to make the decisions on the streets, but to go ahead with the unification in a well planned, clearly thought-over way, providing all the necessary guarantees to the neighbouring states.

The historian feels that in the near prospect of a strong, great united Germany — and since we do not have a Middle-European power like the Austro-Hungarian Empire — it is a must that Poland should be given every assistance to become a middle-sized power in our part of the world. And, of course, we all need a strong France as well.

For the very same reasons I feel it serves nobody's interest to see the Soviet Union weakened in this very difficult process of transition from a totalitarian empire to a really democratic union of states. And in saying this, I do not have specifically in mind the outcome of the striving for independence of the three Baltic states.

While focusing our attention on the main historical trend, the European reunification and the global interdependence, we must not forget about the importance of the national aspects of the issue. Two world wars in our century, and the so-called peace settlements in 1919-1920 and again in 1946 have completely redesigned the borders of states with long national histories. Millions and millions of people became ethnic minorities of foreign states. The biggest minority group in Europe is the Hungarian, totalling three million people in the neighbouring countries, two million in Romania alone. Minorities are sometimes deprived of their most elementary rights: that of using their mother-tongue, educating their children in their national culture, publishing their papers and books, organizing themselves. Again and again violent events prove that unresolved problems of history return to haunt us.

To summarize what I have said so far:

1. We do not believe in the future of the existing military blocs. The best solution would be to disband both the Warsaw Treaty and the NATO military organization. Realistically, there is no military threat against the countries of Europe. Both NATO and the Warsaw Treaty members have declared that their military doctrines are completely defensive in nature.
2. We would like to see the 35 signatories of the Helsinki Final Act act jointly as guarantors of European peace and security.

In other words, we feel a permanent role and presence of the United States and Canada in Europe is not only desirable but necessary.

Recently I read a speech of Prime Minister Brian Mulroney and I cannot resist the temptation to quote his words of March 9, 1990: 'The new European architecture must rest on a foundation of common security, from Vladivostok to Vancouver and San Francisco, but at far lower levels of arms, both nuclear and conventional.' We completely agree with this view.

I have spoken about our foreign policy and global, European expectations. Now I would like to touch briefly upon some specific military aspects.

First: the Open Skies Régime

We are all aware that the very idea of 'Open Skies,' that is, military transparency in order to create more military confidence, is a genuine American idea. But it was first Canada, a NATO member, and then Hungary, a member of the Warsaw Treaty, who took up the case and started to make the idea a reality. In preparation for the first phase of the Open Skies Conference in Ottawa in February, Canada and Hungary jointly conducted a trial Open Skies overflight on January 6, 1990 in Hungary. The trial flight was made by a Canadian Air Force C-130 Hercules aircraft. During the three hour flight, starting from Budapest, the crew flew the route that Canadian officials requested. The aircraft flew over both military and civilian aerodromes, numerous Hungarian and Soviet army installations and airfields including two Soviet fighter bases.

We think the experiences of this trial overflight may help to reach an agreement — if not at the second phase of the Open Skies Conference that started on 23 April in Budapest, then later this year. The creation of an Open Skies régime would definitely increase stability in Europe and enhance the chances of arriving at an early CFE agreement in Vienna on reducing the level of conventional arms in Europe.

Second: Soviet troop-withdrawal from Hungary

Soviet troops did not play any actual political role in Hungary in the last thirty years. They were mostly kept in their garrisons, not having any contacts with the local population. We have always felt that their presence was a part of the overall Superpower game, and we never permitted nuclear weapons on Hungarian soil. Now, when we realize that the time has come for a new approach, we have suggested to the Soviet Government a schedule of withdrawal of all troops and armaments. To give you a complete picture of the agreement arrived at the talks more than a month ago, I want to mention some figures:

At the beginning of March 1990 the number of Soviet army personnel was 49 000 (with families 100 000). They had 860 tanks, 600 artillery pieces and 1500 armoured cars. There were no nuclear rockets, only rocket-launching vehicles. I have no exact figures for the Air Force.

According to the agreement signed by representatives of the two governments the withdrawal started immediately.

— March 12, 1990: one battalion left Hungary.
— By the end of 1990: 70 per cent of the Army and 65 per cent of the Air Force will leave the country.
— By February 1991: 90 per cent of all Army troops will leave.
— By mid-May 1991: All Air Force units and
— By June 1991: All Army units as well will leave Hungarian territory.

The withdrawal leaves free nearly 6000 military garrisons and houses — which will be mainly used for health care and educational purposes.

Some Hungarian leaders were not content with the pace of withdrawal. But I do agree with those who understood that the Soviet Union needs time for the organized withdrawal.

Third: Hungarian military doctrine and troop-reductions

As it is well known, Hungary is a member of the Warsaw Treaty. Accordingly the Hungarian Army continues to meet its alliance commitments, for the interests of the sovereignty and security of our country. We are confident that these commitments serve solely the national interests and are not directed against any country. We are committed to the renewal and reform of the Warsaw Treaty, i.e., to strengthen the political institutions of the alliance with the sovereign and equal participation of its independent member states. The military doctrine of the Hungarian Republic is a defensive doctrine, based on the principle of reasonably sufficient defence.

In the years of the arms race even the small Hungarian Army grew to a relatively great size. This size — taking into consideration our geostrategic position, our national aims and our openness to the world — was beyond the economic and financial capabilities of our country. What is more, in our opinion it was and it is not reasonable and necessary for the theatre of operations or for the regional balance of powers.

That is why the Hungarian Government made the decision of a complete armed forces reform, the aim of which was to create armed forces for the sole purpose of the sufficient defence of the country — at a much lower cost. It is practically a unilateral reduction of the Hungarian Army by about 30 to 35

per cent. Army personnel will be reduced from 106 000 to 75 000 and all armaments having any offensive character will be sharply reduced — for example, artillery pieces from 1700 to 900.

Hungary: A Strategic Profile

Area:	93 000 km²
Population:	10.6 million
Gross domestic product:	$28 billion (U.S.) (non-official figure)
GDP per capita:	$2621 (U.S.) (non-official figure)
Imports:	From Western (convertible currency) countries 57% = $5.3 billion (U.S.) From Soviet Union and other Eastern countries 43%
Exports:	To Western (convertible currency) countries 59% = $5.8 billion (U.S.) To Soviet Union and other Eastern countries 41%
Hungarian exports to the Common Market:	$2.5 billion (U.S.)
Hungarian imports from the Common Market:	$2.6 billion (U.S.)
Hungary/Canada:	Export $42 million import $5 million (U.S.) 1989
Tourism:	16 million visitors, 1989

At the same time we are decreasing the service term for enlisted soldiers from 18 to 12 months. I think all of you are fully aware of the advantages and disadvantages of maintaining armed forces consisting of conscripts. But for the present the costs of creating a well-paid professional Army would be well over our financial capabilities.

During the very open debate on the reform of the armed forces, many people and some parties expressed their view that we should abandon military alliances and declare Hungary a neutral country. Neutrality is a beautiful, lofty aim.

But again, you must remember that in the case of small countries it is first of all the great powers and the neighbours who can decide if they could accept and respect the neutrality of a country in our part of the world.

After the longest peaceful period recorded in the last centuries, Europe, the old continent, is starting to rejuvenate itself. A healthy and, in the process of Helsinki, more and more united Europe can do good for the rest of the world. Hungary, after arriving at her own constitutional way to a new political system, to a real multiparty democracy, wants to play an active role in this great European enterprise.

FORUM

Unidentified, University of Toronto

You mentioned the need for the continued presence of American and Canadian forces in Europe. What about the Soviets? How do you perceive their future role, and also that of the Warsaw Pact? If NATO is not disbanded, what is Hungary's position as far as the Warsaw Treaty is concerned?

Ambassador Bányász

Hungary is and remains a member of the Warsaw Treaty, so long as we feel it is in our national interests. A great discussion went on in Hungary in recent months. Some parties and many leaders expressed their wish to make Hungary a neutral country. I think neutrality is a beautiful and lofty aim, but it is usually up to the Great Powers and your neighbours to accept your neutrality. With regard to Soviet troops, we have agreed with the Soviet Union that by June, 1991, all Soviet troops will leave Hungarian territory.

There are certain differences with certain other Warsaw Treaty countries. You may have learned that even Mr Walesa nowadays prefers to have Soviet troops stationed in Poland. I couldn't believe my ears but he really said so, and the Solidarity government of Poland asked Soviet troops to stay on. The main contingents are still in East Germany, far more than altogether in the neighbouring countries, and I am quite confident that the two Great Powers will agree that certain Soviet troops will stay on German soil as long as the American, Canadian, French or British armies stay.

Bill Markovitch, Quantum Inspection and Testing, Toronto

Mr Ambassador, could you please comment upon what Mr Delvoie spoke about at lunch time — the 'red fascists' (as he termed them) in Russia. What type

of threat do they represent, both in Russia and perhaps in some of the other satellites? Mr Delvoie spoke about what he termed a new right wing movement in Russia, composed of certain military elements and other reactionary elements. What threat would they pose, from a Hungarian point of view, both domestically within Russia *vis-à-vis* Hungary and Poland and the other independent republics?

Ambassador Bényász

I will confine myself to Hungary. In these great transitions, from a one-party state to a multi-party democracy, even in Hungary some toxic wastes came to the surface — anti-Semitism, all kinds of rightest elements. They are not so strong that they could change the mainstream movement towards a real democracy, but they are a certain danger. I feel that in the Soviet Union, the real danger would come only if all the different shades — that is to say the far right, the far left, and the army — moved against the democratic transition. I feel the most dangerous element is the army in this respect. It is a traditional force, which is now behind Mr Gorbachev. But in Lithuania, they started a crazy idea of letting Lithuanians leave their army units, and I think the Soviet army felt that as an extreme danger. All armies would, I think, react in the same way, and very probably the army used this as an argument against giving immediate independence to Lithuania.

Dr George Bell, President, CISS

Professor Woodside, in your presentation you concentrated considerably on the internal aspects of the Chinese situation. Could you perhaps expand on your analysis of the Chinese view of the external situation in terms of relations with the Soviet Union and the relationship with other countries such as India and their interest in the Indo-China peninsula.

Professor Woodside

Your question is an interesting one because people talk about China's isolation since June, 1989, but China is not a country that you can really isolate, or that foreigners are willing to isolate. When the Chinese decide to turn in themselves, that is another matter, but the notion of foreigners trying to isolate China is hilar-

ious because foreigners are always trying to get into China and to study China, and so on.

China's isolation is at most only relative. Last fall, for example, the Chinese Foreign Minister made a state visit to Africa. Yang Shangkun, the State Chairman, visited the Middle East. Perhaps most important of all, although it passed unnoticed in our press, the Chinese sent a delegation to Indonesia to resume technical discussions with the Indonesian government for the first time since 1967, when relations between China and Indonesia broke off. So the Chinese are not isolating themselves at all.

As for their view of the world, one would have to take it piece by piece. I am moderately optimistic about the situation in Indochina, because as one of our speakers has already pointed out, the Vietnamese have withdrawn from Cambodia with Mr Gorbachev in the wings prompting them. This is the third Vietnamese withdrawal from Cambodia since 1954: they withdrew in 1954, in 1975 and now in 1990. When the Thai prime minister said that he wanted to turn Indochina from a battlefield into a market place, there was a great deal of receptiveness of this in Hanoi.

Where China is concerned, first of all they were backing the Khmer Rouge to spite the Russians and to spite Hanoi. As relations with the Russians improved, they have less incentive to back the Khmer Rouge. It is possible that their relations with Vietnam may also improve, if only because the Vietnamese are also nervous about Mr Gorbachev's reforms. To some extent, there is a sort of congruence of interest between Hanoi and Beijing that was not there previously. So it is possible that the tensions in Indochina will wind down enough that the Chinese may be reasonable about their Khmer Rouge protégés, and they are certainly actively involved in the stalemated Cambodian peace process. They were in Paris a few months ago at the Conference.

What is their general view of their foreign policy? Leaving aside Taiwan, I think the country they are most concerned about is Japan. The Japanese have a record in China: the 1937-45 Sino-Japanese war left bitter memories in China. The Japanese magazine *Seikai*, which is a sort of Japanese *Economist* or *Maclean's*, took a poll in Beijing a few years ago on 'which countries do you like the most and which do you like the least?' I find it hard to imagine the Japanese going down the streets of Beijing asking the Chinese this question, but they did, and they published the results which were that the United States and France were the most popular countries in China, and Japan and the Soviet Union were the most unpopular. So I think that in the long run, what really exercises them is how to manage the Japanese colossus in such a way as to make

it work for China without any threat to China's independence. I think that is their main foreign policy issue. It is hard for me to say, as an amateur outside the government, how much they are hurting by being deprived of, say, military co-operation with the Western powers at the moment (since June 1989), but in the long run Japan is what concerns them.

I think they are getting a much more benign view of the Soviet Union. I can tell you that in Xinjiang, that great big province of China in the north-west which is full of minorities, there is a think tank in Urumqi, a branch of the Chinese Academy of Social Sciences, where people are talking and writing about Siberia's labour shortage, asking where the Russians are going to get the labour to develop Siberia. And the answer is obvious to some of these thinkers in China. This, of course, would simply be a repetition of an old pattern which got established in the last years of the Czarist empire, when the Chinese and the Koreans supplied the labour in Vladivostok before the First World War. When we think of the Pacific rim, we think of Australia and New Zealand and South America and the west coast of North America, but it also includes Siberia and Russia. Chinese labour played the same part in Siberia before the First World War as it did building the CPR. The Chinese have that in mind, and they are thinking of a much more co-operative relationship with the Soviet Union.

Andrea Hinemaa, Havergal College

This question is for Ambassador Bányász. Given Hungary's relatively successful venture into Western-style democracy, especially as compared to such states as Romania and Bulgaria, does it have any plans to help its fellow Eastern European nations in their struggles for democratic change? If so, what can it do both tangibly and in terms of ideological advice?

Ambassador Bányász

We are relatively successful. We succeeded especially in one important thing — to make all the changes in a peaceful, constitutional way. You might have noticed that when the changes occurred in Romania, it was an army coup. It is my personal view as an historian that it was not a revolution. The army wanted at the same time to crush the Ceausescu régime and the Securitate, which was always over the head of the army. The people were very much in favour of the coup, especially the Hungarians living in Transylvania. It was first Hungary, that not only recognized them, but sent immediately all kinds of assistance —

Red Cross, food, supplies, even certain military assistance to the Romanian army. It was the Hungarian foreign minister who first went there to tell them about our solidarity. Nevertheless, two months later, some very violent attacks were made on some Hungarians in Transylvania, and despite all our hopes, things are not moving in the right direction. They are still not giving the same rights to the Hungarian minority as Romanians have. We tried to do our best, and to use our influence, but since we have learned that nobody is very welcome who wants to give too much good advice, we try to keep it at a low level.

Andrew Morin, Eastdale Collegiate, Oshawa

My question is for Professor Woodside. In 1978, *Time Magazine* named Deng Xiaoping man of the year, and it ran a series of articles on Deng and the reforms going on in China after Mao's death. One of the writers paralleled one of Mao's old phrases and said 'one hundred business deals blossom.' How has the massacre of June, 1989 affected foreign investment in China? Are foreign investors who were there now running scared? Are new investors not being attracted to China?

Professor Woodside

That is a very good question, and I don't have any definitive answer. The pattern was that most of the investors fled in June of 1989. The régime says that most of them are coming back. It is very hard to tell. The one barometer that is really worth looking at is what the overseas Chinese think about investing in China, because much of the investment in China that you mentioned after Deng Xiaoping's opening of China came from the overseas Chinese. That is the investment they are really counting on. The overseas Chinese community, especially in North America, was deeply upset by what happened in June of 1989. I see the overseas Chinese as supplying the middle class that is so small in China in terms of pushing China in the direction of reform. They need that overseas investment in terms of remittances, and so on. But alas, I cannot give you any good answers in terms of what has happened since last June.

David Ostriker, Stornaway Productions

Mr Ambassador, you told us about the daily prayers of Hungarians for Mr Gorbachev and the hope that foreign troops will be leaving Europe. Do you genuinely

believe that the changes that have happened in the last 18 months are irreversible?

Ambassador Bányász

I tried to speak about those changes which will prevail, in my opinion. If tomorrow we should see an army general in the chair of Mr Gorbachev, even then those changes which have happened in Europe would not be reversed. They would probably make changes of policy within the Soviet Union, perhaps a more unifying policy, but I do not believe that they would even try to make another policy in Europe because, as I tried to suggest, it is not in their basic interest. You might remember the Soviet army was happiest when they got the chance through Mr Gorbachev to leave Afghanistan.

Lisa Shemko, CISS

My question is for Ambassador Bányász. With all the changes that have taken place in Eastern and Central Europe, our eyes are naturally turned to the events in the Soviet Union and the future of that country. It would appear that it would be the interest of such countries as Hungary, Czechoslovakia and Poland to be on the border with independent states rather than with a Soviet empire which is preserved by force. Is there some common foreign policy link between Hungary, Czechoslovakia and Poland and other countries in terms of their view of the Soviet Union and their preference for a policy which would lead to the peaceful non-violent democratic dismantling of the Soviet Union?

Ambassador Bányász

That is a very large question. But first, I think we all prefer the complete independence of the three Baltic states. They have never been an integral part of the Soviet Union. It is my own point of view that Mr Gorbachev, as a statesman, made a grave mistake in not suggesting full independence for them three years ago, keeping at the same time as close relations as it has with Finland. You might know perfectly well that although Finland is a completely independent neutral country, the Finns are extremely happy to work in the Soviet Union, to sell their products to the Soviet Union. That is the most important tie now between the two countries. I am sure that if the three Baltic states are allowed to be independent, they will be as happy as the Finns to be in the position to

trade with the Soviet Union and to have that big market.

For the larger part of the question, I do not agree with those who believe that the dismembering of the Soviet Union would be a good idea. That immediately would cause tremendous problems for the whole power structure of the world. Think of China, think of Japan, think of the emerging mega-markets in the world. I believe that if the Soviet leadership can be clever enough to create a real multi-lingual, multi-cultural state, not an empire but some kind of commonwealth, that would be the best solution for the future.

Paul Forage, University of Toronto, CISS Research Associate

Professor Woodside, I would like to pick up on your final points concerning Taiwan. Given the grim political situation currently in Beijing, paradoxically we have seen Chinese and Taiwanese moves towards greater contact. There are tales concerning the opening of liaison offices, negotiations right now concerning direct flights between Taipei and mainland China, and also there is Taiwanese investment continuing, if not increasing, in China, and less than two months after the events of June the legislature passed legislation making those investments even easier to make for Taiwanese businessmen. Can you comment on some of these developments and their possible motivations?

Professor Woodside

So far as their investment is concerned, the Taiwanese have enormous cash reserves, and they want that outlet for investment. But I do not think that this reflects, on the part of the Taipei government, any desire to allow the warming process go too far. The relationship between these two places strikes me as being a bit one-sided. For example, the State Council in Beijing now has a Taiwan affairs office designed to manage visits by Chinese to Taiwan and back and that sort of thing. But the reciprocation is rather limited. In other words, if Taiwan wants to import coal from China, China has to ship the coal to Korea and then it is transshipped to Taiwan. There are similarly a lot of controls on the Chinese of Taiwan as to what kind of relationship they can have with China. On the Taiwanese side, the motivation is the determination to make some money, but not necessarily to go as far as the mainland would like in warming up relations. You are correct in that there is a sizeable trade across the Taiwan Straits. I have heard that Taiwanese fishermen don't catch fish anymore. They go in a boat out to the middle of the Taiwan Straits where they meet fishing boats

from China where they give radios and so on to the fishermen from China who in turn give the Taiwanese fishermen the fish! So it seems to me that there is a great difference in expectations between Taipei and Beijing and the legitimacy of both governments is in question here. I do not detect the mood for reciprocity in Taipei towards Beijing's moves and I think this makes Beijing very nervous. There are clear limits as to how far Taiwan is going to go.

Mr Forage

How do you account for the liaison offices and the negotiations on flights? Isn't that a direct move away from the three negatives that the Taiwanese government has always advocated?

Professor Woodside

Perhaps, but it has to go much further than that. I was in Taipei last November. What you get there is a real middle-class society. I hadn't been there for 20 years. Now parts of it look like the fancy condos on Bloor Street. That middle class society wants democracy, which they are not getting enough of in Taiwan, but the impetus is there to get more, and they are disgusted with what is going on in mainland China, and it really seems to me that Taiwan is becoming a very different kind of society which will have some sort of destabilizing effect on the mainland. What kind of effect remains to be seen.

GEORGE BELL

SUMMATION

Dr Bell

Ladies and gentlemen, at the end of what has been a very full day — a smörgasbord of information and intellectual exchange — I will try to be brief in my summation.

We started off with our Executive Director, Alex Morrison, pointing to the broad range of issues that confronts the security system, and attempting to focus us, as Canadians, on the role and responsibilities of Canada as a major player in the future.

Dr Dedring from United Nations Headquarters brought to us the perceptions of an international, universal organization official at a point in time when the United Nations is seen to be renewing itself and in fact to have great potential as these massive changes take place on the global scene. There were many clear indications in his very open presentation of an appreciation of both the up side and the down side of the changes in the Soviet Union, in Europe, and in China during this last year. I was impressed by his analysis of the capabilities of the organs of the United Nations, and particularly his discussion of the Security Council. I was left a little uncomfortable when he said that members who are in the Security Council for a short term need a greater will to produce new solutions and to encourage the Organization to move forward. He left me with the concern that if a major permanent member was having instability inside its own country, like the Soviet Union is having today, that the good offices of the Secretary General, the capacities in terms of cease fire, resolutions, fact-finding missions and quiet diplomacy might not be as effective as they might be in some other areas of the world. I was interested to see that some students questioned that point.

In Dr Hasan's presentation on the financial structures and their effects on the global situation, I was pleased that he had a hopeful outlook in terms of the capacities of the World Bank, the International Monetary Fund, and the other

agencies to deal with the problems of the reconstruction of Eastern Europe and the Soviet Union, while still continuing to deal with the problems in the Third World and in the debtor nations. I was left with some doubts about where the financial resources will come from to deal with these major problems in the short term, by which I mean two or three decades, when we have not been able to adjust the economies of major players on several continents. I see a question still open as to the capacity of the Western developed countries to provide the resources to restabilize Europe and the Soviet Union while still trying to help the Third World and deal with the debts of many of the countries of Latin America, Africa and South Asia, debts which affect their ability to develop and become full participants in the international community.

Dr Tugwell extended the discussion into issues beyond the situations in Europe, the Soviet Union and China, and brought home to us the fact that there is still ongoing tension in various parts of the world, and that with movement of people — including immigration into Canada, with the frustrations resulting to the continued inability of some countries to solve their problems, we still have to face the fact of international terrorism. It will be present in our streets and the politics of terrorism will have to be dealt with. He broadened that to include the aspects of drugs, the degraded environment and the massive movements of population, all of them internal problems with international implications. When Dr Woodside spoke this afternoon about Chinese population growth, I remembered that there are estimates that India may overtake China and there is potential for international conflict between those two. Incidentally, when I was in Szechuan last May with a CISS delegation, I found a whole section of Szechuan University looking only at India as a major phenomenon in their future considerations of their foreign and domestic policies.

The questions that Dr Tugwell put to us are ones that are not going to go away. While he disagreed on some points about what the future role of our armed forces should be from the thinking of our current government, these are issues which our society must deal with, not just in strategic thinking but in strategic planning and in the implementation of public policy.

At lunch time we were given a very interesting *tour de force* by Mr Delvoie: an analysis of the world situation that pointed to not only the good changes taking place but also the areas of instability that have appeared in the world and the uncertainties that result. I think that when we have his analysis reproduced in the Proceedings, it will be an important focus to help us bring together the six other presentations that we have had today.

Ambassador Lecomte gave us a very clear picture of the potential for integra-

tion within the European Community and its ultimate expansion, but it would have been useful if we had had time to go on and discuss, with him and with Ambassador Bányász, the implications of a growing European Community where those most favoured countries will progressively join that organization and that expanded market. But areas like Poland, which has less potential to recover its economy in the short term, and the Soviet Union with its current difficulties, may find themselves progressively isolated. This might lead to a different geo-political, geo-strategic situation developing in Europe, even as positive movements take place to create additional economic capacity and larger markets.

For Canadians, there were a number of messages there. Our investment in the new Europe was mentioned as being small, but in fact it is about one quarter of what it should be. The United States has put about $400 billion in, whereas we have put only $10 billion in. That should be $40 billion, or more. We should also look at the impacts of this larger market to see how we can enlarge our capacities to deal with it. Ambassador Lecomte projects a market that includes the whole of the North African littoral, Eastern Europe, and ultimately the Soviet Union, so we must understand that there is a market for us beyond that of the European free trade area. We must also look beyond that, to the Pacific Ocean and the Pacific Rim.

Professor Woodside's presentation on China was extremely insightful. Some of us had the pleasure of being in China for the third iteration of our meetings with the Beijing Institute of International and Strategic Studies in 1989. We were there during the demonstrations and we left just before the June events. We saw many of the dynamic changes which we have talked about, and we also saw in public officials a thirst for change from corruption, inaccurate information, but oddly enough no expression of the idea of overthrowing the government. It might have been there in the Square, it might have been in their thoughts, but it was not expressed in any way to us. The concern about Japan was expressed to us. They wanted to see the continued presence of United States maritime forces in the area, and they saw the need for the participation of Japan in protecting the lines of communication that support the Chinese economy, but they did not want that to go too far. Indeed, one group in Nanjing said they would have to improve the Chinese navy in order to carry on their participation in the area because they do not want to see the Japanese succeed economically and through their military presence now where they failed in the 1940s.

The aspects that Professor Woodside stressed about Taiwan and the whole area of the Pacific Rim are aspects which we must pay attention to. The Koreas, Taiwan, Hong Kong, Singapore, Malasia — all of these are very important to

us as forming a strategic area of concern in terms of trade and economic perception, and the maintenance of stability in that area is as important to us as is the maintenance on the European side of our ocean frontier.

We are indebted to Ambassador Bányász for his frank, clear presentation of the position of Hungary within these changes. Hungary has shown leadership, and we appreciate his frankness in saying that we should not be making victory statements about systems over systems at this time. If these things have transpired, then we should take advantage of the positive side and move on.

He was also very frank in pointing out the problem of expectations. In our assessment of what we have heard today and how we will act in the future, we must bear in mind the difference between the political expectations of the various countries of Eastern Europe and the Soviet Union and their economic capabilities to build to satisfy those expectations. We have heard about the difficulties of creating new political parties, of moving into a multiple party system, voting in free elections. Some of the people with the most positive views about Eastern Europe have warned that we should expect turbulence and many changes in government over the next decade. It will take a lot of action on the part of both sides to ensure that stability will be maintained in Europe and that the action will go on in a peaceful manner.

Aspects have been discussed about the role of the European Community, of NATO and of CSCE, all very important, because we have to think our way through to how we will get a common security régime. Many people have talked seriously about the importance of NATO remaining in position and adjusting its roles to help to deal with all of this. We must also look to see if the vehicle discussed at the Conference of Security and Co-operation in Europe is the right kind of vehicle, or might it become in the future another form of the League of Nations which, under stress, might break down over time. As we create new organizations to deal with our problems, we have to analyze our experience with those we have had in the past.

The questions coming from the students to the Ambassador about the approach to the Eastern Bloc countries were answered very well. They have a common interest in their own independence and interdependence. There is a potential for the Soviet Union to find a solution for the problem of the Baltic states from within its own experience, and that should have support in the West.

Mr Gerald Utting, a journalist who has been present here today, talked to me earlier and remarked that we have been talking about a new framework for looking at national security not just this week, not just this month — we have been talking about this for about 13 or 14 years. In 1977 we were talking

about manpower policy and industrial strategy, economic and energy policies, and looking at the future problems we might have in those areas. Many of those have come to us. The questions about international trade and the implications of free trade agreements and blocs have been discussed in these meetings. What we have to do is encourage our leadership in Canada, and Canadians in general, to engage in strategic thinking so that we will see through the euphoria of today to the dangers. We should look forward to positive change and make proposals, but also remain vigilant in order to participate in the future of Europe and other areas. When we see what confronts us, we need vigilance and preparedness, we need armed forces capable of preparing for and performing their roles in terms of the political and economic determinations of our government, our allies and the world community, and we need to be open to new roles in Europe which involve verification and which may be seen as stabilizing or 'peacekeeping' activities. On the world scene, and in the international bodies, we need to be prepared to participate not only in peacekeeping but in certain unstable areas where we may be placed we need to recognize that we may be involved in peace restoring. Our capabilities must be able to deal with the spectrum of conflict that is potential in the world.

I want to thank all of our speakers for being here today and making this a most interesting session. I want to thank all of you who have attended today for the scope and the range of the insightful questions that you presented to our speakers. I want to express appreciation for the support of our members towards the attendance of the students who have been here today because their presence has added a new dimension of spirit and discussion and interest, and it is also important that we pass on something to those who are going to take charge of this country in future years. On your behalf, I particularly want to thank our Executive Director Alex Morrison and his staff, both permanent and temporary, for their help in putting this event together.

Our next seminar, 'The Canadian Strategic Forecast: 1991,' will be held in Toronto on Thursday, November 8, 1990.

DOCUMENTS

DOCUMENT 1

Address by General A.J.G.D. de Chastelain
Chief of the Defence Staff
to the Seminar on Military Doctrine and Strategies
Vienna, Austria, 17 January 1990

Introduction: Recurrent Themes
in Canadian Perspectives on International Security

Canadian perspectives on international security are premised on four principal factors: our geography, our small population, our desire to remain an independent and fully sovereign nation, and our dependence on international trade. I will discuss each of these issues briefly in turn, and then I will describe the main focus of our security policy since World War II.

Geography
As a nation with the second largest land mass and the longest coastline in the world, facing onto three of the world's five oceans, we have not today, nor can we hope to have in the foreseeable future, the population and the resource-base necessary to defend, unaided, our national territory. Geography and demographic factors have always forced Canada to consider its defence in the context of alliances, and the political reality of the post World War II era — which has placed our sparsely-peopled nation directly between the world's two principal Superpowers — has emphasized that need.

Population
Canada's population is close to 26 million and we have as our principal neighbour a technologically sophisticated, resource-rich nation of more than two hundred million people. We share with the United States a common language, a

similar European heritage, the longest undefended border in the world across which our citizens pass routinely and with relative ease, and a history of alliance in the two World Wars and the Korean War, the only wars in which Canada has fought in the past 75 years. While the development of our country derives historically from our two parent nations, France and Great Britain, and while the country has developed in the 123 years of its nationhood through the contribution of immigrants from all over Europe and from east of the Pacific Ocean, we are drawn culturally and commercially closely to our American neighbour. Thus it is no accident that in the sphere of geostrategic imperatives our thinking is frequently derived from a common North American base.

Sovereignty

Following on from that last point, and not necessarily modified by it, I would turn to our will to remain an independent and fully sovereign nation. Canada's history as a colony, first of France and then of Great Britain, formally ceased in 1867, but we fought in Europe between 1914 and 1918 still as a British dependency.

Imperial obligations aside, Canada's role in World War I derived as much from our identity with the values of, and our kinship with, the two founding nations as it did with any adherence to the political ideologies of the day. In 1939, by then for eight years a fully independent nation, Canada was not obliged to engage in the second world conflict. That we did so was again out of the same sense of shared ideals and historical kinship.

Since World War II, given our growing reliance on trade, and conditioned in no small part by the increase in exchange of the electronic media-message across our inter-American border, we have looked more to the United States and less to Europe in the day-to-day conduct of our affairs. The growing strength of the EEC and the prospects for the European 1992 Economic Union — coupled with our own free trade arrangements with the United States — have tended to anchor in place a circumstance which has been developing steadily during the past 35 years. But I must emphasize that cultural and commercial ties with the United States do not imply for us an abrogation of independence. Canada works at maintaining our sovereign status for reasons that are as much in the interests of contributing to the maintenance of world order and balance as they are in the interests of contributing to our own nationhood.

International Trade

To exist as a nation, Canada must trade. Despite the fact that at present 70

per cent of our trade is with the United States — as against 10 per cent with Europe and 20 per cent with the remainder of the world — our health as a trading nation depends on a stable global political environment. Short of isolating ourselves in North American continentalism, or of attempting to follow a commercially expensive and strategically impractical role as a neutral nation, Canada must maintain its position as an effective participant in world affairs through the enhancement of the twin policies of first, economic health, and second, our international acceptance as an independent and objective voice.

I would conclude what I have just attempted to derive from the four factors of geography, population, sovereignty and trade, by saying that Canada sees its role as a nation as being one that is best met in a world free from conflict; a world moreover, in which Canada's contribution to security can best be effected through alliance, and in which Canada's history as a non-colonising nation — and therefore a nation perceptibly free from imperial background or bias — can contribute best to the world's advantage.

Second Iteration

I would now turn to a brief discussion of Canada's security policy, and I would introduce it by noting that there are four elements in that policy: the first is collective defence and deterrence; the second, international peacekeeping; the third, arms control and disarmament; and the fourth, conflict resolution. I will touch on each in turn.

Collective Defence and Deterrence

A number of years ago a prominent Canadian historian wrote a military history of Canada which he sub-titled 'The Military History of an Unmilitary People.' It is true that although Canadians can be as warlike as anyone in a given set of circumstances, our short history as a nation shows that we have been at war only in the company of allies. Not that that fact has been insignificant. In 1945, for example, Canada was considered the fourth military power in the world, with the third largest navy and the fourth or fifth largest gross national product. Nonetheless, standing forces of any size have only existed in Canada since World War II, and more specifically since 1950.

The period between 1945 and 1948 saw the putting in place of the apparatus which developed into what we have for so long called the Cold War. It was a period that has variously been described — euphemistically perhaps — as the period of misperceptions, or — more accurately perhaps — as the period of

confrontation. Whatever its name, it signalled a period in which Canada was swift to join its NATO allies in the provision of troops and planes to Europe, even as we deployed troops to Korea under the flag of the United Nations, and even as we put in place sea, land and air formations, and warning systems, to defend the North American flank of the Alliance.

In moving so swiftly to join a system of collective defence in the area covered by the North Atlantic Alliance, Canada, like all of our allies, was motivated solely by the desire to deter aggression and thus to maintain world peace, particularly in an era which so swiftly heralded the potential for world destruction through nuclear conflict. Not that Canada has aggressive intentions towards any nation — except in the arena of international ice-hockey, and there we regard both our allies and our non-allies with equal suspicion. Our development in the 1950s of what was for us a relatively large peace-time navy, army and air force, and the stationing of it partially in Europe, was designed solely to meet the perceived threat of the moment through the NATO strategies of forward defence and flexible response.

NATO, of course is more than a military alliance. It is a forum in which efforts to secure peace through discussion are rendered possible, given the stabilizing effect of the in-place deterrent force. Thus for the past 40 years Helsinki, Vienna, Geneva, Reyjkavik and a host of other venues have allowed the two opposing sides to *deliberate* with each other rather than to *incinerate* each other. That is a condition much to Canada's liking. We agree with Churchill's philosophy that 'Jaw, jaw is better than war, war.' Some might say that for Canada that is just as well, since our ability to do the first is more apparent at present than our ability to do the second — and I would have to agree that while our military strength would not suit us for the role of the aggressor, we have not shown ourselves to be reluctant in the international use of the microphone. I make the latter comment as a soldier and in no way as an apologia.

At the risk of over-making a point, I would reiterate that Canada's military role in NATO has just as much to do with the forces we deploy in North America, as it does with those we deploy in the eastern Atlantic and in Europe. A polar projection of the globe makes clear our status as an exposed hinterland between the Soviet Union and the United States. This vantage point also draws attention to Canada's position as a zone over which ballistic missiles and bombers transiting the polar regions must fly. Each of these facts makes our geostrategic position a difficult one.

Changing weapons technologies have influenced the roles which we have adopted towards the defence of North America. When manned bombers con-

stituted the primary threat, we were involved in both identification and interception of aircraft transiting the polar region. Subsequent to the emergency of ICBMs and SLBMs, our role became more focused upon contributing to early warning of a surprise attack on American land-based strategic nuclear forces. In this way we help to ensure the retaliatory capability of the United States, which remains a significant part of the third element of the flexible response triad.

The advent of the air-launched cruise missile has caused a renewal of emphasis on airborne interception. This capability must also be a part of our co-operative defence effort with the United States to ensure the continued security of North American airspace. As an important part of our contribution to maintaining stable deterrence, collaboration with the United States in the defence of North America remains a key role in our contribution to the NATO defensive plan.

Turning once again to Europe, I should observe that numerically, our forces stationed in Europe are less significant than the political message of their being there — although as the Chief of the Canadian forces, and an erstwhile commander of our brigade group in the Federal Republic of Germany, you will understand when I say that militarily I believe our Europe-based forces are far from insignificant. That said, and as an aside, I would note that for both Alliance reasons, and for purely selfish national reasons, Canada has much to offer and much to gain by its military presence in Europe. For the Alliance, our presence permits a two-way transatlantic dialogue which I think is undisputably in the interests of all 16 members of NATO, as well as in the interests of those in the Warsaw Treaty Organization. For ourselves, it gives an extra dimension to our bilateral relationship on the North American continent, at the same time as it gives us a place at the table in Brussels, Vienna, and other CSCE fora.

International Peacekeeping

Our role in international peacekeeping goes hand in glove with our belief in the need for a world-wide absence of conflict, and it complements our role in seeking a continuance of peace between the East and West blocs. It is not for me here to talk at length about Canada's role in peacekeeping, except to make the following observations: first, that we are acceptable to many nations in the peacekeeping role because of the perception of our international objectivity, and that in spite of the fact that we are a NATO member; second, that we have been, and we remain, a willing participant in peace-keeping operations world-wide; and finally, that we are experienced in the role, having participated in 20 of the 21 UN missions to date (of which we are still active in nine), as well as in two tri-national observer missions in Indo-China, in an ICRC mission in Nigeria/Biafra,

and in the continuing multinational force of observers in the Sinai.

Arms Control and Disarmament

A few years ago, at a meeting of the United Nations General Assembly, the Canadian Minister for External Affairs mentioned that arms control and disarmament will remain 'a constant, consistent, dominant priority of Canadian foreign policy.' So it remains today. In this area, the three principal objectives that we pursue include: first, the goal of improving security for Canada and its allies by achieving strategic stability and a military balance between East and West, at the lowest possible level of the two forces; second, to attenuate the destructiveness of war and the suffering engendered by armed conflict through codifying military conduct, including banning certain types of weapons; and third, to permit in the long term the diversion of financial, scientific and other resources from military purposes to other purposes.

Our principal means of seeking the attainment of these goals is through fora such as talks like these, as well as similar talks which have preceded them. As an integral part of our second objective, Canada supports fully the ongoing bilateral nuclear arms control negotiations between the Soviet Union and the United States. Given that Canada does not possess nuclear weapons, our contribution can only be indirect. Nonetheless, by espousing realistic rather than utopian proposals, and by developing coalitions with like-minded countries, especially allied countries, we seek to increase the prospects for the successful furthering of this process.

Conflict Resolution

In its essential form we regard conflict resolution as a process aimed at finding solutions to basic problems of a political or geo-strategic nature, which are the source of military confrontations or diplomatic deadlocks. Over the years Canada has been active in a variety of 'conflict resolution' initiatives. Individually, or in conjunction with the United States or the United Kingdom, Canada endeavoured in the 1960s to find a solution to the Cyprus dispute. Within the United Nations Security Council, Canada was involved at various times in endeavours to find basic political solutions to various aspects of the Middle East problem. For the past few years Canada has been active within the United Nations in developing proposals for seeking solutions to conflict problems in Namibia, Cambodia, the western Sahara, and Central America. As was the case earlier in both Cyprus and the Middle East, such involvement has led to the intervention of UN forces — including Canadian troops — in Namibia and in Central America.

Conclusion

At the risk of concluding with the obvious, the rapid changes occurring in Eastern Europe today give promise of an opportunity for significant progress in the reduction of military confrontation, and thereby in the furtherance of the assurance of world peace. For all the reasons I have just mentioned, Canada wishes to help in whatever way is possible to ensure that positive change occurs. We are very sensitive to the difficulties that rapid change entails, and we are equally sensitive to the instability that changing orders can produce. Thus we recognize how carefully each of us must approach the difficult task of transforming the structures which have been in place for so many years, structures which, with all their ups and their downs, have seen us safely, if sometimes painfully, through four of the potentially most dangerous decades the world has ever known.

But if caution is necessary we believe that it must not be allowed to stifle opportunity. We are hopeful that the CFE talks here, and the START talks in Geneva, will maintain the impetus that has energized us all so startlingly in these past few months. We are hopeful that the further development of confidence-building measures will continue. I speak of such welcome and much publicized high-level exchanges as those which recently occurred between the military leaders of the United States and the Soviet Union, and similar exchanges between other countries of the two treaty organizations. I speak of the two 'Open Skies' conferences, the first to be held in Canada next month and the second in Hungary at a later date. I speak of opportunities such as this meeting, which has opened lines of contact non-existent heretofore, and which has given us the opportunity for a balanced and transparent view and understanding of each others' military doctrines and strategies. I speak, finally, in favour of more constructive 'jaw, jaw' and the results we would all like to see that process produce.

All that now said, I thank you for your attention, and with some reluctance I relinquish my Canadian grip on the microphone.

DOCUMENT 2

Open Skies Communiqué

At the invitation of the Government of Canada, the Foreign Ministers and senior representatives of the Governments of Belgium, Bulgaria, Canada, Czechoslovakia, Denmark, France, the German Democratic Republic, the Federal Republic of Germany, Greece, Hungary, Iceland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Turkey, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America met in Ottawa February 12-14, 1990 to begin negotiation of 'Open Skies.' Also present at the Ministerial Session were observers of other CSCE states.[1]

The Ministers welcomed the accelerating trend toward openness and the reduction of international tensions. In this context, they noted that although an 'Open Skies' régime is neither an arms control nor a verification measure per se its successful implementation would encourage reciprocal openness on the part of participating states. It would strengthen confidence among them, reduce the risk of conflict, and enhance the predictability of military activities of the participating states. Finally it would contribute to the process of arms reduction and limitation along with verification measures under arms limitation and reduction agreements and existing observation capabilities. The Ministers noted further that the establishment of an 'Open Skies' régime may promote greater openness in the future in other spheres.

Believing that an effective 'Open Skies' régime would serve to consolidate improved relations among their countries, the Ministers therefore agreed on the following:

- The 'Open Skies' régime will be implemented on a reciprocal and equitable basis which will protect the interests of each participating state, and in accordance with which the participating states will be open to aerial observation. The régime will ensure the maximum possible openness and minimum restrictions for observation flights;
- Each participating state will have the right to conduct, and the obligation to receive, observation flights on the basis of annual quotas which will be determined in negotiations so as to provide for equitable coverage;
- The agreement will have provisions concerning the right to conduct observation flights using unarmed aircraft and equipment capable in all circumstances of fulfilling the goals of the régime;

— The participating states will favourably consider the possible participation in the régime of other countries, primarily the European countries.

The Ministers expressed their gratitude to the Government of Canada for organizing this conference and welcomed the invitation of the Government of Hungary to a second part of the conference to conclude the negotiation in Budapest this spring.

DOCUMENT 3

Notes for a Speech by
the Right Honourable Joe Clark, P.C., M.P.
Secretary of State for External Affairs
at Humber College, Lakeshore Campus
on Canada and the New Europe
26 May, 1990

Around the world, 1989 will be remembered as the year of European revolution. The Berlin Wall crumbled; the Iron Curtain disintegrated; totalitarian régimes collapsed; and a new Europe was born.

Canadians watched with wonder as what we thought would take decades came to pass in weeks. The impossible suddenly became possible and the dream became reality. But that reality, while hopeful, also carries heavy responsibilities — for Europeans and for Canadians.

If 1989 was the year of revolution, 1990 marks the beginning of a decade of reconstruction. Euphoria still lingers but the hard work now lies ahead. The events of 1989 swept away oppressive and outdated economic and political structures. But new societies and new institutions remain to be built. That task has only just begun.

The remarkable events in Central and Eastern Europe are intensely personal for millions of Canadians whose roots are there. Many have ties of language and family. Some were forced to flee by the very régimes which have now collapsed. Most have family or friends whose hopes were thwarted, or lives diminished, by those old régimes, but who have the prospect now of building

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[1] Those present as observers were Austria, Cyprus, Finland, Ireland, Monaco, Sweden, Switzerland and Yugoslovia. Turkey reserves her position on the status and representation of Cyprus.

new lives and new societies in old homelands.

Virtually no other nation possesses the web of intense personal connections to Eastern and Central Europe which we have in Canada. That gives us a special interest, and a special capacity, in helping those societies become prosperous and free.

The revolution of 1989 has fundamental implications for the entire European continent — and for North America which, in terms of culture and history, is Europe across the Atlantic. The requirement for leadership and imagination extends across all issues — political, military and economic. That requires a new Canadian approach not only to Central and Eastern Europe but towards the entire European region.

On February 5th, at McGill University in Montreal, I announced the initiation of a review of our policy towards Europe. The purpose of that review has been to define Canadian interests in Europe and to develop a strategy to secure those interests. I would like to share some thoughts with you that have arisen through that review.

I begin with two basic observations. The first is this: Canada's stake in Europe should not be taken for granted. We have interests around the world and our past preoccupation with Europe is no argument for a focus for the future. Nostalgia is no basis for policy. Our interests in Europe are real, contemporary and compelling. The second observation is that Canada's wishes will not necessarily determine Canada's role. Powerful new economic and political forces are at work, forces over which Canada has limited influence. A European role will not be bestowed upon us because we decide it is in our interest. It must be earned. That requires imagination and realism and hard work.

What are Canada's primary interests in the new Europe?

One of them is to help ensure that Europe does not again become what it once was. Another is to help ensure that Europe becomes a positive force for change both at home and around the world.

Our primary interest is the interest in peace. Two world wars this century have taught Canadians that a Europe at peace with itself is a Europe at peace with the world. Security in Canada has no meaning without security in Europe.

Our economic prosperity depends upon a stability in the world. Threats to that stability are threats to our prosperity. More directly, as a country dependent on trade for 30 per cent of our GNP, the unifying market of Western Europe is vital for jobs and prosperity in Canada, and the vast and untapped markets of Eastern Europe constitute a long-term opportunity for potentially immense proportions.

Politically, the values which have triumphed in Europe are our values too. We rejoice in their ascendancy and also take comfort in the fact that democracies are inherently more peaceful than the totalitarian alternative. The construction of durable democracies there is not only a moral quest; it is also a security imperative.

Finally, Canadian interests in the new Europe relate not only to what occurs there but also to what is occurring elsewhere. For decades, our preoccupation with a brittle peace in Europe has hindered our ability to deal with mounting global problems — the threat to the global environment, the crises of international development and debt, the evils of the international drug trade and the proliferation of terror and weapons of mass destruction. Many of these problems do not have European origins. But our preoccupation with Europe — ideologically and militarily — has kept these other priorities far too low on the global agenda. With Europe at peace with itself, we can turn together to a planet in need of urgent action.

So we are not interested in Europe for reasons of history, or nostalgia, and certainly not for reasons of charity. It is not only their prosperity which is at stake, it is ours. It is not only their security, it is ours.

While our interests in Europe remain strong, the means by which we pursue those interests must change radically. They must change to reflect the new security framework now in evolution; they must change to reflect the growing power and unity of Western Europe; and they must change to reflect the particular advantages and assets of Canada.

The primary Canadian bridge to Europe has been our contribution to the North Atlantic Alliance. That contribution has involved thousands of Canadian troops on the ground in Germany, troops whose lives have been put on the line daily in the defence of freedom. In a real sense, that contribution of Canadian lives can have no substitute and no parallel.

That military contribution is bound to decline. It will not be a decline which we regret, because it will be a product of the long-sought reduction in East-West tensions which is the result of the new Soviet foreign policy, the dissolution of Soviet control over Eastern Europe and the unilateral and negotiated reductions in conventional and nuclear forces. At long last, we are moving from a partial and artificial peace to a comprehensive, more natural peace, a peace where intentions are becoming benign and capabilities are being reduced to the point where surprise attack is no longer possible.

This process and this reality can only be applauded. What has begun must continue and a firm foundation must be built for a structure of lasting security

at the lowest possible level of military forces, conventional and nuclear. That will not come suddenly or easily, but it is now a realistic goal.

It is a seeming paradox that NATO's very success requires the Alliance to renew itself. But in fact, that is easy to understand. An organization whose primary role has been to defend against plausible aggression must revise its role when that aggression becomes less plausible. It is only natural in these circumstances for NATO to assume a more political role, a role which would reflect both the new European reality and a declining military mission.

That is a change which Canada fully supports and which meets Canadian interests. But it is not enough to simply declare that NATO must become more political. NATO will only become a forum for increased dialogue if it is used for that purpose by all its members, European and North American. NATO cannot be declared more political; it must be made more political.

To a large extent, the future relevance of NATO will depend on the degree to which it adopts, reflects and strives for a broader definition of security. Security must become co-operative rather than competitive. The time for the zero-sum game is over. Even more than in the past, NATO must embrace security through arms control with as much vigour as it has pursued security through armament.

NATO must review urgently and comprehensively all aspects of its nuclear and conventional strategy. It makes little sense to retain nuclear weapons whose only target can be our new friends in Poland, Czechoslovakia and East Germany. It makes little sense to retain a military strategy which is based on a scenario of a surprise attack across a front which no longer exists and where surprise is no longer possible. And it makes little sense to continue to retain in Europe the largest peace-time deployment of military force in the history of the world.

This is not to deny the continuing requirement for prudence and military stability at this time of historic change. Twelve months does not invalidate the lessons of history. The possibility of instability is there and Soviet military capabilities remain substantial. Therefore, a strong military mandate for NATO continues to be valid and the North American commitment to Europe represented by the presence of Canadian and American troops there is crucial as we strive for strategic stability at significantly lower levels of military force.

But NATO cannot be seen as a barrier to the peace it has preserved so well for over 40 years. If NATO does not lead, it will lose the critical legitimacy it has enjoyed in Europe. NATO will be seen not as part of the solution, but as part of the problem. It is important that NATO become even more actively engaged in the dynamic security dialogue now emerging between East and West.

Those security questions involve NATO's members and NATO's interests; the Alliance should turn outwards to embrace its old adversaries and new friends.

To this end, early consideration might be given to the Soviet Foreign Minister meeting on a regular basis with NATO Foreign Ministers. Similarly, a direct and regular dialogue between the leaders of the Western Alliance and the USSR might be worthy of pursuit.

In the field of arms control and disarmament, NATO should develop an enhanced capacity and role in confidence-building and verification activities. Dedicated, multinational forces on the ground might be deployed for this purpose. NATO should also look to the establishment of a Verification Centre to co-ordinate these activities.

In addition, in the context of reviewing its military strategy, NATO should move away from a rigid forward defence to a much more flexible approach involving mobile units, possibly including forces of a multinational nature. NATO's new military posture should be designed to minimize force levels and to maximize stability. We want to reduce insecurity in the East.

But NATO, although it is of enduring value, has its limitations, a function of its mandate and its membership. There are other institutions whose role must be enhanced and transformed if they are to play a useful role in the elaboration of a new European system. And it is there that Canada must also focus its efforts.

Central among these is the Conference on Security and Co-operation in Europe. Its membership is comprehensive, encompassing the nations of Europe, North America and the Soviet Union. Its mandate extends across the board — to security, political and economic matters, as well as to human and social rights.

The principles embodied in its earlier accords provided the vision and the standards which helped inspire the brave democrats in Eastern Europe. The role of the CSCE must now be expanded so that it becomes the drawing board for the new European architecture. As a complement to NATO, the CSCE can become a true instrument of co-operative security, one which would supplement deterrence with re-assurance. And as the nature of European security expands beyond military balances to political stability and economic prosperity, there is a central role for the CSCE in the areas of human rights, economic co-operation and environmental action.

Until now, the CSCE has functioned on an intermittent basis. It has lacked the institutional framework now required for effective and ongoing co-operation and confidence-building. If the CSCE is to become the preferred forum for comprehensive discussions in the political, economic, security and human dimensions, it must develop the tools to perform those tasks.

Canada believes that continuing political direction from the highest level is required on a regular and ongoing basis if the CSCE is to realize its full potential. Canada proposes that the CSCE should meet annually at the level of Foreign Ministers and bi-annually at the level of Heads of Government. This political body could serve as the beginnings of a Council for European Co-operation, a future, permanent forum for dialogue on pan-European issues.

The CSCE should develop a forum to reflect the increasingly democratic character of its membership. Therefore, we also propose the establishment of a CSCE Assembly where parliamentary delegations from member states would meet on a regular basis to discuss issues of common concern.

In the security area, the CSCE will have a role in mandating a further round of conventional forces reduction talks. These talks should be conducted among all 35 members of the CSCE, rather than solely the members of NATO and the Warsaw Pact.

The CSCE should also increase its role in verification and confidence-building. Here, I have in mind a CSCE Verification Agency which would facilitate and coordinate verification and confidence-building activities mandated by the negotiations on conventional force reductions and confidence- and security-building measures. In addition, there is a potentially valuable role to be played by the CSCE in crisis prevention and conflict resolution. This could involve the creation of a mechanism whereby panels could be established to facilitate dialogue if a crisis develops involving any participating state and to conduct fact-finding investigations if required. This mechanism could recommend a strategy to resolve the crisis — whether it be mediation, arbitration or even peacekeeping. If the crisis develops into conflict, the CSCE could initiate mediation activities. These activities could be supported by a permanent Institute for the Peaceful Settlement of Disputes which would provide expertise for crisis prevention and conflict resolution activities.

Beyond the security field, the CSCE should build upon the other principles and undertakings contained in the Helsinki agreements. An early opportunity is provided by the Copenhagen Conference on the Human Dimension. The essential structures of democracy should become a common commitment of CSCE members, including the right to free elections and the rule of law. Pluralism should also be legitimized through the CSCE process; as should the rights of minorities, freedom of religion and a prohibition on hate propaganda.

In the economic dimension, the CSCE may also have a valuable role in the future, building on the tremendous success of the recent Bonn Economic Conference. It should not duplicate existing and effective economic institutions such

as the OECD, the IMF and the new European Bank for Re-construction and Development. But there is room for growth in encouraging co-operation and dialogue designed to develop common principles of economic activity. I believe a permanent CSCE forum for economic dialogue, supplementing the emerging OECD work, is worth serious consideration.

One area requiring urgent attention in the East is the environment, which has been savagely disregarded and dessecrated by the old régimes. One or more mechanisms might be created, possibly affiliated with the CSCE, to provide expertise and serve as clearing houses for programmes and information concerning the state of the European environment and efforts to clean it up.

In designing a new role for the CSCE, we must avoid duplication and new bureaucracies. The goal is concrete progress, not talkathons. In this connection, if the CSCE is to assume an activist role in the new Europe, it may well have to modify, perhaps on a selective basis, the current principles of unanimity in its decision-making process.

NATO and the CSCE are two complementary institutions in building the new Europe. But there is another institution — the European Community — which is central to Europe's future identity and prosperity.

The European Community is now a welcome and fundamental pillar of the international system. It is one of the great achievements of the post-war era, and has served as a magnet and model for the reforming countries of Eastern Europe. A uniting Europe is an engine of prosperity and a trigger to enhanced trade. Increasing co-operation in the political and, eventually, the security fields will ensure European consensus and co-ordination in ways which can only enhance international stability. The EC was founded to subsume past conflicts in the common interest; that mission remains valid for the future.

But as I noted in February in Montreal, a wall dividing Europe cannot be supplanted by a wall around Europe. Two impermeable blocs cannot be replaced by one new bloc which, whether in trade or security or political matters is less open to dialogue and co-operation than it is today. The new Europe must be an open Europe, open to the West and open to the East.

Canada has a particular interest in the evolution of an open, united Europe. Of course, we are not members of the European Community. Nor do we exert the sort of power which would ensure their sensitivity to our concerns. But we are traders. And we have a profound interest in the questions of foreign policy which are increasingly the subject of European political co-operation.

It is for this reason that Canada is now proposing a new phase in the development of Canada-EC political relations. This relationship should become more

regular and more institutionalized. We are proposing regular meetings between the Prime Minister of Canada and the President of the European Council. These should be supplemented by regular in-depth discussions between the Canadian Foreign Minister and the Foreign Minister of each incoming Presidency. There should also be regular meetings between Canadian officials and experts on issues of common concern. In addition, we propose that there be an exchange of priorities at the beginning of each Presidency which would set the agenda for the upcoming period.

And finally, I was very attracted by West-German Foreign Minister Genscher's proposal to me for an EEC-North American Declaration which would confirm shared principles and interests in openness and enhanced co-operation. Certainly, a broad re-affirmation of the trans-Atlantic relationship would be useful.

In trade, the challenge is acute. The Government has already announced its Europe 1992 strategy to help Canadian industry prepare for the opportunity and demands which the Single European Market will present to all traders. However, I also believe there may be virtue at the conclusion of the Uruguay round of trade negotiations in examining the desirability of a formalized, open trading arrangement between Canada and the EC, perhaps including the United States — or indeed other members of the OECD.

I would like to address briefly one issue at the centre of Europe's evolution: the unification of Germany. The degree to which that historic union is accomplished smoothly and without rancour will determine the future pattern of European relations. We have articulated many times our strong support for a free, united and sovereign Germany, within NATO and the EC, which will be a powerful instrument of stability, unity and prosperity at the heart of Europe.

The so-called 'two plus four' talks now underway — and initiated in Ottawa at the Open Skies Conference — are looking at the external aspects of German re-unification. Those talks must succeed.

There are delicate and important issues to resolve at those talks and elsewhere — within NATO, the EC, at the Vienna talks and between a united Germany and its neighbours. These include the future of Germany in the Alliance, the size and status of stationed and German armed forces, and the implications for NATO's nuclear deterrent.

As these crucial issues are addressed, two realities must be borne in mind: the fact that the Soviet Union has legitimate, central security pre-occupations which must be accommodated; and the requirement to ensure that Germany's role retains the popular support of the German people. On these two points more than any other, success and stability will rest.

A new direction for NATO, an expanded role for the CSCE, and an intensified relationship with the EEC: those are the institutional pillars of our new policy towards Europe. They reflect our assessment of the most effective means by which the new Europe can be built. And they also reflect Canada's interests and assets — political, security and economic — in ensuring that we are at the table, that trans-Atlantic links are maintained and that our priorities are addressed.

But our policy towards Europe hinges, as does the future of the new Europe itself, on the continued success of the reforms now underway in the Soviet Union and Eastern Europe. Those reforms have a long way to go before promise becomes reality. There is a period of sacrifice ahead which is both inevitable and daunting. The road will be rocky. There will be set-backs. As totalitarian control is lifted, old nationalisms and unaddressed antagonisms will re-emerge. Courage, imagination and statesmanship are required on the part of the governments and populations of the East. And on the part of the West, patience and prudence will be necessary. The East will not repair in months or even years four decades of damage to their societies. As President Havel stated before the Council of Europe two weeks ago, 'What we have inherited from the former régime is a devastated landscape, a disrupted economy and, above all, a mutilated moral consciousness. . . We find there is almost nothing we are good at and much that we have yet to learn. We must learn political culture, independent thinking, and responsible civic behaviour.'

The task of simultaneously constructing democracy and an open market economy, and doing it from the ground up is unprecedented. It has never been attempted in the history of mankind. The West has an abiding interest in seeing the East succeed. That is why, last year, we established a programme to assist Poland and Hungary in their efforts at economic reform.

That programme involved: $12 million in emergency food aid; $20 million in export credit insurance for Poland; and $10 million for economic development. Specific projects have included:

- support for the innovative International Management Centre in Budapest for management training, the newly named Dean of which is a Canadian;
- a training programme for Polish farmers in livestock and farm management;
- the provision of 41 volunteer professionals to business and industries in Hungary and Poland;
- a grant to York University's School of Business Administration to train 40 middle-managers from Poland and Hungary. This will include attachment to Canadian firms;

— assistance in establishing an English/French language training centre which will also focus on teaching the principles of democratic government and human rights.

In addition, senior Canadian Ministers have visited Eastern Europe, Canadian MPs have monitored elections in Romania, Elections Canada has provided advice to Czechoslovakia for its elections, expertise has been provided to Poland in the area of privatization, and my Department has hosted a session of investment seminars for Poland across Canada.

It is time for the international effort to expand to include the other new democracies emerging from the revolution of 1989. In the weeks ahead, the 24 countries which co-ordinated the programme for Hungary and Poland will meet to broaden that effort to include these other countries. Canada will support this initiative and we will announce our own expanded national programme in the near term. Canada will also participate fully in the European Bank for Reconstruction and Development, to be established shortly. That Bank will provide much-needed capital to fund private sector initiatives and infrastructure throughout Eastern Europe. It will also introduce those countries to the culture, concepts and language of business.

We have established a Task Force on Central and Eastern Europe, which will elaborate the details of our expanded assistance programme, administer it, and co-ordinate private and public sector activities. This Task Force has begun an intensive series of consultations with Canadian groups and individuals, encouraging them to participate financially and in practical, concrete ways — and asking them for their advice on initiatives we might undertake.

The Task Force will explore a three-pronged programme of co-operation. The first would be a programme of support for Canadian business, which could include trade-promotion, management training, support for trade councils and feasibility studies. The second focus would be on economic development, which could consist of technical assistance and management training in many areas, including agriculture, law, taxation, privatization, environment, finance and telecommunication.

The third element would be a political co-operation programme designed to ensure that democracy is secured while the countries of Central and Eastern Europe experience their turbulent transformation. Our priorities would be to provide expertise in the areas of elections, law reform, a free media, the development of a professional public service, human rights, and the democratic political process. We would encourage people-to-people contacts.

Assistance to Eastern Europe is not a question of charity. It is a matter of

hard common sense and self-interest. Assistance to Eastern Europe is also not a matter of dumping large amounts of cash into the hands of these new governments. What is more important and more effective is the provision of expertise, the training of managers and decision-makers, the teaching of the tools of democracy, and the encouragement of private sector investment in specific projects and enterprises.

In this task, Canada has an asset available to no other nation. We have our multicultural community. One in ten Canadians is of Soviet or East European ancestry. These Canadians enhance our prosperity and enrich our culture. But they are also a business asset, a trading asset for Canada. They know the customs. They know the decision-makers. They know the systems. And they know the languages.

Already, Sonia and Thomas Bata, the Reichmanns and Andrew Sarlos have blazed new trails into the East. But they are only the tip of the iceberg. There are hundreds of Canadians who are also active in pursuing new opportunities in Europe and many thousands more who have priceless talents to offer. I encourage these Canadians to exercise their natural advantages, to tell us how we can help and how we can do what we do better — and to pursue this opportunity of a lifetime.

I would like to conclude with three observations.

First, the policy I have discussed today addresses a Europe in transition. The policy itself must also evolve with the region it addresses. Europe is not static; and neither will be Canadian policy.

Second, I have described the extraordinary Canadian advantage represented by our multicultural community. That advantage also carries with it responsibilities. One of those responsibilities is this: As Europe frees itself from the shackles of the past, old animosities are re-emerging, animosities frozen by repression and made more dangerous by the absence of traditions of compromise. These animosities can threaten the very social stability which will be required if democracy there is to survive. We Canadians — all Canadians — have a responsibility to avoid fanning the flames of intolerance. We also have an opportunity to encourage compromise and accommodation — the only avenue for societies who wish to turn their back on the old ways and embrace a democratic future.

One final point. What is happening is Europe illustrates graphically today's *imperative of interdependence* — interdependence between countries and regions, and interdependence between issues, political, military and economic. Interdependence means opportunity. It also means challenge. Global existence today does not have an escape clause — or an escape hatch.

How we behave towards each other at home has an impact on our interests abroad. And what we do abroad determines how prosperous and safe we are here at home.

Engagement with the new Europe is not a luxury; it is a necessity. And Canada will be there, as we must, for our own sake, our own security, our own prosperity.

DOCUMENT 4

Statement by Lothar de Maizière
Prime Minister of the German Democratic Republic
on the Soviet-United States Summit Meeting
28 May 1990

The summit meeting between Mikhail Gorbachev and George Bush provides another signal of hope for the policy of peace and disarmament. In the Soviet Union, Mikhail Gorbachev has to bear a heavy burden. He is in need of support and solidarity so that *glasnost* and *perestroika* can continue to be implemented successfully and the process of opening up and renewal in the Soviet Union be made irreversible. Especially in the fields of European and disarmament policies, the GDR will remain consistent in the pursuit of its task, i.e. to act as a bridge between East and West.

After the establishment of an economic, monetary and social union between the German Democratic Republic and the Federal Republic of Germany we will address the external aspects of the process of German unification. This will require the clarification of the external aspects of the future existence and ensconsement of the single German state in the community of European peoples. In this process, there must be no fundamental dissension with one of the involved partners in both the West and the East.

The fundamental political changes under way in the Warsaw Treaty states open up a unique historical chance of changing over on our continent from a 'mere' maintenance of peace between antagonistic adversaries to a joint building of peace among free democracies.

As to the settlement of the external aspects of German unification, i.e. also with regard to the pertaining agenda items of the 'two-plus-four' negotiations, the GDR Government is guided by the following considerations:

German unification is to strengthen the community of Europeans and to further deepen the CSCE process. Everyone in Europe must know that German unity will promote rather than hamper all-European co-operation, and bring about more security for all.

German unification is to end the division of Europe. It is therefore absolutely necessary in the course of the 'two-plus-four' negotiations to meet the security policy interests of our East European neighbours, above all the USSR, Poland and Czechoslovakia, in the same way as vis-à-vis the other European partners of a future Germany.

German unification is to further promote the process of overcoming bloc confrontation and to act as a hinge pin by using the existing security links of the Germans with the West and the East.

German unification is to give a strong impetus to the disarmament process in Germany and in Europe. What must be overcome in this context, as we see it, is the unbearable fact that the two German states' territories have the world's highest level of armaments, a situation which cannot be justified in security terms. Rather, what is needed is step-by-step collective disarmament as regards war-capable military potentials and structures down to a level of mutual incapacity for attack.

An independent institutionalized security policy dimension of the CSCE should create prospects for the future Germany in a European security order. My government aims at accomplishing a just and durable peace order in Europe. For this purpose, we must seek an all-European security and peace union complementing present security structures in Europe. All CSCE states should participate in such an organization. Here, Warsaw Treaty and NATO states (as well as the neutral and non-aligned states) are indeed partners in terms of security policies.

The future Germany would be an integral part of such an organization which—unlike the present blocs—would rather be a security alliance of all these states than an adversary of any CSCE state. As early as in mid-April Czechoslovakia presented a memorandum to all CSCE states that contained a first framework proposal.

In my view, time has come to take first practical steps in this direction using existing international bodies and procedures. Our proposal on entering into all-European security structures aims at having the existing bodies of the Warsaw Treaty and NATO states meet together once or twice a year (with their fellow experts from the neutral and non-aligned states participating) so as to institutionalize, as a first step, all-European security consultations which could later develop into CSCE councils at the level of foreign and defence ministers. A deci-

sion of general principle could, at the latest, be taken at this fall's CSCE summit meeting where also the pertaining mandate would be agreed. My government will take initiatives to this effect with the other CSCE states.

Let me outline other specific considerations of ours in the following:

- For the foreseeable future, the process of European disarmament is expected to remain a priority area of security policies in the CSCE framework. Previous experience, foreseeable results of negotiations and future tasks and challenges suggest that an all-European Centre for Security Co-operation should be established. Its headquarters could be situated in Berlin as the possible pivot of the CSCE process. The main task to be assigned to it would be to prevent and, if need be, to manage crises occurring in the CSCE area. The Government of the GDR is willing to host a preparatory conference of all CSCE states to establish such a body in Berlin. This would also be, as we see it, an agenda item to be dealt with at the scheduled CSCE summit meeting.
- It should be examined how institutions like the European Council and its parliamentary assembly would be transformed into all-European bodies and vested with gradually extended competences. Anyhow, it appears to us absolutely necessary for a community of democratic states, which Europe is about to become, to bring into being a parliamentary assembly of the CSCE states as soon as possible.
- There will be political, economic, ecological, ethnic and other antagonisms and conflicts between states also in the future Europe. Consequently, arbitration procedures and institutions must be developed and be vested systematically with mandatory decision-making powers. No other way is conceivable if military means are to be precluded once and for all in settling conflicts and if all-European integration is to be taken seriously as the ultimate goal of the CSCE process. Consideration to this effect could, e.g., build on the International Court of Justice in The Hague.

In our view, a united Germany can only exist within an alliance which does not consider any other European state a potential military opponent. We believe that fundamental changes must be made in both bloc systems. NATO's intention announced the other day to change the Alliance's military strategy to conform with the new realities on our continent is therefore considered by us to be generally positive, and we hope that these changes will also prepare the ground for more progress in terms of security policies in the whole of Europe.

We believe that the character of existing alliance systems will more and more become a political one. We are interested in activating the Warsaw Treaty Organization in this respect.

The GDR will continue on its road towards a strictly defensive role of its armed forces, and it will proceed further down the road of disarmament. In the context of shaping all-European security structures, the National People's Army is conceived to function as a bridge between the two alliance systems and to develop and strengthen partnership relations in the interest of mutual information, consultation and co-operation in either direction.

For the sake of a brighter future both for our continent and the world at large, the Europeans and all states and peoples involved in the CSCE process have an obligation to seize the chances offered today, on account of both European opportunities and German unification.

The historic situation requires us to search for consensus areas in the interests and approaches of all sides involved and for ways towards practical compromise formulas rather than block our own political creativeness and ability to act in the face of continuing problems and differences.

DOCUMENT 5

Visit to Canada of Mikhail Gorbachev
President of the Soviet Union
29-30 May 1990

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A. Address by Prime Minister Brian Mulroney

When I stood before the War Memorial in Leningrad on a bitterly cold day last November, I understood profoundly the enormity of the cost to the Soviet Union of the last world war. And I appreciated deeply the extraordinary valour and courage of the Soviet people in defending their country.

The winds that bleak day spoke the silent sounds of great sadness and grievous loss. As the leader of a nation that had, also, fought in that terrible war and that had sacrificed far too many of its sons in battles across Europe, I felt a deep sense of kinship with the people of the Soviet Union.

In 1942, during one of the darkest passages of the war, when Leningrad was under seige and the outcome of the Battle of the Atlantic was in doubt, diplomatic relations were established between Canada and the USSR. The establishment of diplomatic relations between us at that time was an act of military necessity. We became allies and made common cause against an especially evil aggressor.

But it was also a reflection of the indomitable spirits of our nations, and an expression of the conviction that a new order could be established out of one of the great tragedies of mankind and a new relationship could be built between peoples who lived a common northern reality. The immediate, war-time goals were achieved but the full promise of peace earned in those days has yet to be realized. We now have the opportunity to do so.

Over the years, we have managed to create a mutually beneficial relationship. For example, Canada became one of the Soviet Union's most reliable suppliers of wheat and of oil field technology. But the Cold War meant that, for many years, progress was only possible at the margin.

When you toured Canada for a week in the spring of 1983, Mr President, on your first official visit to the West, the Cold War's impact on our relations was as icy as ever. You will recall that your discussions here focused on Soviet SS-20 missiles in Europe and NATO's Pershing II and Cruise missles. Little headway was being made, then, in nuclear arms reductions. And conventional arms reduction talks had been bogged down for a decade.

In your meetings with our Parliamentarians, family re-unification was a major point of debate as was travel and the free flow of information. And, shortly after your return home from here that spring in 1983, Secretary General Andropov told a plenary meeting of the Communist Party of the Soviet Union that this period was 'marked by a confrontation unprecedented in the entire post-war period in its intensity and sharpness.'

I mention your '83 visit, in part, because we Canadians like to believe that it made a modest but useful contribution to the sea-change in attitudes which has taken place since in relations between East and West. We hope that your extensive visits with Canadians across this country persuaded you that we meant your country no harm, that trust could be established between East and West and that historic and beneficial change was possible. We hope, as well, that

your discussions with our farmers and business people convinced you that our system was an engine of economic growth and social justice and not the vehicle of exploitation it was sometimes caricatured as being.

I also mention your visit to illustrate how incredibly far we have all travelled since then. An entire class of nuclear weapons is being dismantled and destroyed. President Bush has cancelled short range nuclear modernization programmes. You and the United States are on the point of making significant cuts in your strategic nuclear weapon and chemical weapon stockpiles. Both sides are already committed to substantial troop cuts in Europe and you have reached agreement with Hungary and Czechoslovakia to withdraw your troops from those countries.

Further, truly significant cuts are possible in the near future. The Berlin Wall is open and free elections have become the norm throughout Eastern Europe. As a result of the 'new thinking' you have brought to international politics, people in the Soviet Union and Canada and in the four corners of the world enjoy lives infinitely more secure, today, than they did in 1983.

Where not long ago we both counted arms and discounted intentions, now we reduce arms and discount fears. The confidence we have in each other's intentions has grown proportionately.

Truly, we live in a time when, with vision and wisdom and political will, all things appear to be possible. Still, if the world has come further, faster than any of us thought possible, even a year ago, let alone in the spring of '83, what still remains to be done is every bit as important and, in all probability, every bit as difficult. The security assumptions of two generations have been progressively eroded and new certitudes have yet to replace them. And we are all searching for structures to serve our interests in the new age.

Meanwhile unsolved issues and ancient conflicts, forgotten under the snows of the Cold War, emerge again with the thaw. All of these challenges are preferable to the sterile situation of our troubled and dangerous past. But they are difficult challenges, nonetheless.

The Soviet Union, on the one hand, and Canada — and the United States, as well — on the other, have important and common interests at stake in the building of the new Europe. What we all seek is a means of ensuring security at the lowest possible level of military forces, nuclear and conventional.

For our part, we welcome the establishment of a unified, democratic Europe which we believe reinforces everyone's security. We favour institutionalizing the CSCE, with a secretariat and council and parliamentary assembly, and making it a permanent locus of consultation on issues of East-West concern. We also believe that NATO still serves a necessary purpose and that the participation of

a unified Germany in NATO would enhance and not diminish the security of the Soviet Union.

At the same time, we believe it reasonable and necessary that the brutal reality of the Second World War be taken into account and that a formula to accommodate the undeniable security interests of the Soviet Union be found. And, we believe that NATO, itself, must adapt.

Article 2 of the North Atlantic Treaty, which calls for political co-operation, has often been referred to as the 'Canadian Article' because it was Lester B. Pearson who advocated a still stronger political role for NATO, based on values and not just interests. The emphasis in NATO must shift further in the direction Prime Minister Pearson advocated. Ultimately, we are convinced that Germany's nearly half a century of experience with democracy and an open, pluralistic society is everyone's best guarantee of peace and security.

Mr President, it is these same values of openness and democracy that you are now bringing to your own country. You have recharted the course for the Soviet Union and emancipated the creativity and talent of millions of Soviet citizens. You have reformed Soviet state and party institutions. And you have, also, begun the difficult transition to a market-based economy.

These are momentous decisions. But in making them, you are creating the conditions for substantial economic growth and greater prosperity at home as well as constructing a much more productive political and economic relationship with the countries of the West.

During my visit to Moscow in November, we made a new beginning in Canada-USSR relations. The political declaration that you and I signed jointly set the tone and direction for Canada-USSR relations for years to come and created a framework for co-operation on a wide range of bilateral and multilateral issues. Altogether, 14 agreements were concluded on subjects ranging from international affairs to Arctic co-operation to the environment to military co-operation and investment protection.

The scope for business is enormous. Whether it is living and working in harsh weather, producing forest products, minerals or hamburgers with fries, all of these challenges we have in common.

Canada is also coping with all the problems and all the opportunities inherent in modern industrial society, from new housing, office space and hotels, to steel, automobile production and telecommunications technology, to environmental protection and space age bio-technology. Two fields, in particular, where Canada has experience especially relevant to Soviet requirements are agriculture and transportation. We have had to develop grains technology to suit our short, dry

growing season. And we have had to develop an extensive road, rail, marine and airline system to move our goods to markets, at home and abroad.

It is worth exploring whether these fields provide a basis for new initiatives that will support your own policy objectives. Satisfying the short-term needs of a vast citizenry is not easy, even in countries long acquainted with the free market and democratic, parliamentary systems. And fundamentally restructuring your economy and political institutions for the long term is an act of uncommon political resolve.

But leadership in the service of reform is no guarantee of political popularity. As every leader has learned, frequently to his or her dismay, human expectations rise continuously and become progressively more difficult to meet. Leadership implies change and, in reality, change has few champions. This is because change increases uncertainty and often inspires fear when the natural instinct is to seek comfort in the attitudes and practices of the past.

But history treats kindly leaders who can take the long view. You, Mr President, have chosen to take precisely such a perspective. You have initiated profound changes that, for the first time in 50 years, put genuine, durable peace within reach.

Changes of the magnitude we have seen since 1985 have previously only come about as a result of war or revolution and at the cost of the blood of generations of young men and women. The record will show that you have waged this revolution not with guns but with ideas and not in the streets but in the minds and hearts of men and women, in your own country and around the world. It is your vision and your determination to reform your country fundamentally that have changed the course of history and that have brightened the lives of all people on this planet.

You and your nation are embarked on a truly unique journey. Along the way there will obviously be difficulties and disappointments but, at its end, history will record your contribution in that special manner reserved only for those leaders who have made a great difference in the full sweep of world affairs. May your successes encourage you and may your setbacks persuade you to persevere, because your example inspires many others in many other nations around the world.

Ladies and gentlemen, please join me in a toast to the President of the USSR, Mikhail Gorbachev, and Mrs Raisa Gorbachev, to their health and to the well-being of their nation.

B. Speech by President Gorbachev

Esteemed Prime Minister, esteemed Mrs Mulroney, ladies and gentlemen, comrades, I would like first of all to express my sincere and deep appreciation at being invited to visit your country and for your cordial hospitality.

It is symbolic, that by stepping onto Canadian territory, we are 'discovering America' once again. Seven years ago to the day, in May 1983, I visited Canada as a member of a delegation of the USSR Supreme Soviet. Since then, I have retained vivid memories of my first discovery of Canada and the Canadians. It is my pleasure to have an opportunity to say hello to the old acquaintances of mine whom I can see here in this hall. I also hope to get to know more people this time.

The USSR and Canada are natural partners in the international community. They have known each other rather well for a long time, not least because many Canadians are of Russia's extraction.

However, we are living in a time when we need constantly to update, if not correct, our knowledge of each other. On the other hand, it is good that there are some permanent features in our conception of each other, including warm feelings, that have enabled us qualitatively to upgrade Soviet-Canadian relations after the removal of ideological blinkers and Cold War fears. Today, the progress of our relations is gathering momentum in order to keep pace with the modern era. For the past seven years, Soviet-Canadia political dialogue has taken shape as the basic instrument of interaction between the two countries.

In the current period of radical changes in which obsolete approaches and stereotypes have been removed, we are increasingly realizing the great value of contact and understanding between countries, especially those that have certain special responsibilities to the international community. It is in this context that we highly appreciate our good-neighbourly relations with Canada, which have been promoted by geographical and historical similarities. These factors have served as a natural basis for the solid balance of national interests of the two countries.

Today, at this watershed of world history and politics, warm feelings between and constructive approaches by our two nations may serve as 'the northern support' for the bridge of confidence and security between East and West. They may serve as the groundwork for a new, democratic system of international relations in the 21st century.

I should mention that the present-day challenges have not taken either the Soviet Union or Canada unawares. They were forward-looking in their relations with each other and the rest of the world, never aggravating tensions and mak-

ing every effort to use existing opportunities to reduce them and improve the situation.

We knew how to co-operate already at the initial stage of the Helsinki process. Now we shall together close the chapter in history about the horrendous war in which we fought together as allies against the forces of tyranny and obscurantism. In fact, we are against looking back all the time, but no free and secure future is viable without drawing on the past and learning from it. Together, we are aspiring to a future devoid of misanthropy and revanchist ploys, a future which we shall build voluntarily and on a humanistic basis. We regard Soviet-Canadian interaction as an integral and crucial part of a future European home.

Another uniting factor is the common realization of our responsibility for the destiny of the Third World. With the threat of a nuclear war diminishing, its acute problems are becoming a major concern for humanity.

The Arctic is the roof and the source of life for our planet. This region remains the domain of specific co-operation between our two countries, which are neighbours across the Arctic Ocean. Not the least important field of our co-operation is the joint efforts undertaken by our two nations to control the arms race and accelerate disarmament.

These are the major areas of promoting Soviet-Canadian dialogue.

We also appreciate the keen interest and profound understanding, I may even say solidarity, with Soviet *perestroika* on the part of Canadians.

The esteemed Prime Minister has described our recent talks in Moscow as a fresh start in Soviet-Canadian relations. For my part, I would like to stress once again that I highly appreciate the personal contacts established between us. It is these contacts that should serve as a basis for modern international politics, because they express the will of the millions. I would venture to say that after the recent meaningful and frank talks, mutual understanding has become deeper and stronger. In general, developments of recent months prove that our assessment of Prime Minister Brian Mulroney's official visit to Moscow as an event promoting a change in the entire international situation for the better was correct.

The Political Declaration signed in Moscow was an intellectual and political-diplomatic contribution to the combined effort of all states to achieve an irreversible period of peace in history. The document also came as a manifestation of the will of our two countries to develop their relations on an entirely new basis. The Declaration and subsequent contacts at different levels allow us to talk of the Soviet-Canadian dialogue as a gradual political process maintained by two active and competent members of the international community.

Soviet-Canadian trade and economic ties are a particularly important theme.

It would be relevant to mention here that neither the Soviet Union nor Canada has ever tried to politicize these ties or question the wisdom of developing them on the basis of equality and mutual benefit. The scale and continuity of our co-operation in this sphere, based on a reliable legal foundation, are inspiring hope for a new dynamism in the conditions of increasingly radical economic reforms in the Soviet Union, and for understanding the specific features and difficulties involved in the transition of our country to a new economic system.

It is gratifying to see the unambiguous position of the Canadian government, backing its business community in its desire to co-operate with the Soviet Union and supporting its initiatives to promote our country's integration into the world economy. In the meantime, we want to make it absolutely clear that what we are talking about is not Western 'assistance,' but rather mutually advantageous co-operation as part of efforts to promote the establishment of the new economy in our country, which constitutes a vast and wealthy part of the global potential. Returning it to the universal context of the world economy will be, as we believe, to the advantage of all. At the same time, economic interdependence makes the political process, both bilateral and multilateral, a stable and long-term affair.

In this connection it is to be hoped that new, more sophisticated forms of partnership as well as joint ventures will be further developed.

We are pinning great hopes on the efforts of the Canada-USSR Business Council established in Moscow last November. The fact that the idea was backed by both governments was made clear by the signing that same November of an agreement to encourage and mutually protect capital investments. I would like to assure the Canadian business community that they can count on a most conscientious attitude to their initiatives and projects in our country. We appreciate and treasure the goodwill and farsightedness of the Canadian business community in the person of such prominent figures of Canada's business and financial world as Albert Reichmann, because the latter's realistic and bold approach is creating major bridgeheads of economic interdependence between our countries and is therefore symbolic and extremely important.

Back in Moscow, I told the Prime Minister that autarky is alien to us, that we are prepared to depend on other countries, though only as far as they are prepared to depend on us. I do not think Canada has any reasons to be afraid of such interdependence. It has been brought to life by time and the fate of mankind in a new epoch.

My talks with Prime Minister Mulroney allow me to say that the path of Soviet-Canadian co-operation is clear and known in advance. I would hope that we

will march together along this path at a fast pace. We have yet to do the considerable amount of work needed to put into practice the accords already signed and arrangements already achieved, and also to explore new opportunities.

I hope that our links will grow stronger. For they are not directed against anybody, nor do they infringe on anybody's sovereignty; rather they seek to strengthen this most sacred component of national dignity.

In so doing, we are serving our peoples and at the same time are taking part in the development of a new world community in the name of progress and peaceful civilization.

While speaking to you, I am also addressing the wonderful Canadian people, our close neighbours and, I hope, our friends.

To sum up, I would like once again to express my greetings and appreciation to Prime Minister and Mrs Mulroney.

C. Press Conference

Brian Mulroney

President Gorbachev and I, and Mr Shevardnadze and Mr Clark, have just completed some very productive meetings on East-West issues and some meetings that deal with our very important bilateral relationship. We viewed the President's visit as very important and very helpful to our relationship, and we are very grateful for the time that was taken, particularly in advance of an especially important summit that is going to begin in Washington starting tomorrow.

The particular point, or one of them that was zeroed in on, as you might imagine, is the German question and the role of NATO in the evolving situation in Europe. And that took some considerable part of our time, but we have had, I think, a very thoughtful and a very, very good exchange of views. I think that relations between Canada and the USSR have been improved since the President and his team came.

Mikhail Gorbachev

The Prime Minister has already told you about our meeting and the problems we have discussed.

There are several reasons for my satisfaction with these talks. I would like to list at least a few of them. To begin with, I see this visit as a direct continua-

tion of the dialogue begun during Mr Mulroney's last visit to Moscow, when a Political Declaration and a number of important agreements were signed which, in fact, laid the political and legal foundations for furthering Soviet-Canadian co-operation and lending it an impetus in keeping with the demands of the time.

This is the first point I wish to make. Second, whether we want it or not, nowadays no international meetings and, in particular, those held on a scale such as the Soviet-Canadian meeting, can ignore the issues which are cardinal to the world and which concern everyone. All of us are aware that we have entered such an important — maybe even decisive — stage, where extreme care and responsibility are required in decision-making.

I know from the experience of our *perestroika* what happens and what consequences arise if the logical development of political thought is violated. It is natural that things first be thought out and discussed and only then decided upon. In the process of our *perestroika* awkward situations arise when we first decide on something and then begin to think and analyze. Hence the difficulties which crop up. Now that we are on the threshold of making large-scale decisions in the interests of all and want these decisions to be well thought out and beneficial, we very much need a responsible dialogue. The world is changing so rapidly that a dialogue should have altogether different dynamics than before.

From this point of view I rate most highly the dialogue we have had here. It is also important that the talks with Canada's Prime Minister have been held on the very eve of my visit to the United States and my meeting with President Bush. I don't think I have to dwell on the importance of the forthcoming talks in Washington. It is clear that they are important from the point of view of both our bilateral relations and the entire complex of international problems. So in this sense, the talks with the Prime Minister of Canada have been most useful.

I believe that we have been able to further our dialogue. Once again I have been convinced that an atmosphere of friendliness and trust, which is being asserted in our relations, as well as personal contacts, which are becoming ever more regular and stable in character, are making it possible to discuss any question sufficiently openly, frankly and comprehensively. It is important that in discussing our bilateral relations here we have been able to see to it that the agreements reached in Moscow should not lose their momentum. Our foreign ministers have also had talks here. On this visit I am accompanied by Yuri Maslyukov, Deputy Chairman of the USSR Council of Ministers and member of the Presidential Council. He has had an opportunity to discuss economic problems here. All the other members of our delegation, my colleagues, have also had useful talks.

By and large, we have been able to discuss a great deal over these two days. I am satisfied with this visit. It was short but very meaningful. I would classify it as a very important event in world politics.

Once again I had an opportunity to meet with Canadians — as much as the situation and the time allowed. I think that we are becoming closer to each other. We are neighbours, and neighbours can either just live next to each other or co-operate and strive to develop their co-operation and carry out exchanges. I believe that our relations have entered this latter stage. I am satisfied.

Question

Mr Mulroney, when you went to Moscow last year, you signed some co-operation agreements which were designed to lessen pollution in the Arctic. Things have not worked out very well since then. Did you discuss those issues to see if there are other ways that Canadian technology could be shared with the Soviet Union?

Brian Mulroney

Yes, we did discuss the issues. They were discussed as well by Mr Clark and Mr Shevardnadze. In point of fact, there has been progress made on all of the areas that we signed that were covered by the Political Declaration and the agreements that we undertook in Moscow. Some progress, of course, was less impressive in some areas than in others.

We realize the significance of the challenge in the Arctic, and both the Soviet Union and Canada are very committed to cleaning up that great backyard of ours and protecting it from further damage. President Gorbachev, on a number of occasions in our conversations, specifically referred to us giving that the national priority that it requires and both of us are committed to doing that.

Question

I'd like to ask Mr President if you expressed any sympathy for Prime Minister Mulroney who is facing problems somewhat similar to yours in his own country. I mean, accommodating a rising nationalism. How difficult is it for you to accommodate rising nationalism within your own federations?

Mikhail Gorbachev

Yes, we have analyzed this problem on a philosophical and political plane. The world is changing, and change is, after all, taking the form of democratic processes which are giving an impetus to the revival of national dignity and which are posing the question of ethnic relations in a new way — all the more so as there are quite a few problems involved in these relations. This is a fact, and we view it as a positive development. If the issue at hand is a national revival, national dignity, the people, their history, language and culture and the preservation of their national identity, it is, I think, a progressive trend which should be reflected in a modern policy. This is certainly so. But as always happens, negative trends start developing along with, next to and sometimes either in connection or even instead of all this. What do I mean? I mean manifestations of nationalism which first develop into inter-ethnic discord and then find their extreme expression in separatism. This cannot but evoke a feeling of anxiety. Nevertheless, I think — and our own experience confirms this — that we can't delay corresponding policy adjustments. We should sense these impulses and reflect the changes in certain structures, institutions and forms, all of which are connected with the revival of the national. I think that with time things will resume a normal democratic course and relations will be harmonized.

I don't see any other approach but the one which we have declared and on which we insist. We should strive for co-habitation and good co-operation. What is more, a person, regardless of ethnic origin, should enjoy equal rights and be protected by the constitution and law in any part of the country and — I believe we should pose the question this way, too — in any place in the world. There should be no other approach. For the slightest signs of discrimination, restrictions and division of the population into migrants, emigrants and so on lead to the development of a negative situation and the aggravation of struggle which acquires a social and political character.

By and large, we are approaching the question regarding the future development of inter-ethnic relations in the Soviet Union proceeding from the fact that our federation needs fundamental revolutionary changes. The republics should enjoy genuine sovereignty, economic independence, and, certainly, the widest possible opportunities for the development of their culture and language and the preservation of all their traditions. This is how we shall act.

Brian Mulroney

The question of nationalism is an on-going challenge for many, if not all, of the federal states in the world, where there are minorities, linguistic, cultural minorities, whose expression can be readily articulated politically. Canada is no exception to that.

The Province of Quebec, and I want to point this out very clearly, the Province of Quebec, which is the principal home of most French Canadians in Canada, was an architect of the founding of Canada. Canada came about 123 years ago because four provinces in British North America chose to come together in a voluntary union. One of the principal instigators of this confederation, as we know it today, was the French-speaking majority in the Province of Quebec, which has gone from a population of 40,000 on the banks of the St. Lawrence River in 1759, to some 7,000,000 today.

And so, there is no parallel to be drawn between the situation in Canada and the situation that might prevail anywhere else in the world. Canada was formed and exists today because of the desire of the French-speaking Province of Quebec that it be so. This was a willing partnership, freely entered into on the 1st of July, 1867. That partnership has spawned the seventh largest economy in the industrialized world, although populated by only 27 million people.

So the exercise has been an extraordinary success story which doesn't diminish, from time to time, the tensions that have been a hallmark of our existence of now over 123 years. So we have our own problems. I am seeking to deal with some of them now. We have a constitutional formula that some of you may be familiar with, called the Meech Lake Accord, which seeks to bring Quebec into the signature of the constitution of 1982 willingly so that, even though Quebec was legally bound by it in 1982, this would add a great degree of moral suasion to a very important constitutional document. I am satisfied that as someone from the Province of Quebec representing a constituency in the House of Commons, populated 99.9 per cent by French-speaking Canadians, that we are on the right course in seeking honourable and constructive accommodation through the Meech Lake Accord, and that if there's a proper response then we'll be able to continue with the building of this, if I may say so, remarkably strong country, although we're not populated by hundreds of millions of people.

So every situation is different, ours is too, and it's one that we've had from the beginning of our country and I suppose it'll always be with us, but it's one that we view as a healthy and constructive challenge to political leadership.

Question

Mr Mulroney, I'd like to ask you what representations you made to Mr Gorbachev on his constitutional crisis, the Baltic Republics, and I'd like to ask Mr Gorbachev whether any pressure brought to bear by Ottawa or any other Western government has any effect at all on the way you deal with that crisis?

Brian Mulroney

Canada has not changed its position on the Baltics from the very first day that the Baltics were incorporated into the Soviet Union. Canada has never acknowledged the legality of the incorporation. The views that I conveyed to Mr Gorbachev today are exactly those that we've conveyed over the years and most recently in Moscow in November. At the time, President Gorbachev indicated to me that he would be seeking a constructive accommodation with the people of Lithuania and he was asking, at that time, only that the provisions of the Soviet Constitution be followed.

Canada's position has been unchanged, and I discussed it again with the President today, and his view, in respect of the alternative for the people in Lithuania, because we were talking specifically of that, was that, if the constitutional provisions were followed completely, his government would honour the verdict that was rendered provided that the government of the Soviet Union had an opportunity pursuant to their own constitutional provisions to make their own case in regard to the future for the peoples of those republics. I hope, Mr President, it's an accurate summation of our conversation in that regard.

Mikhail Gorbachev

As I was also asked this question I must say that it is asked whenever I speak in public and, especially, any time I meet the press. You will understand that my assessments do not change: it has never been that you hear me say one thing on Monday and an altogether different thing on Friday. There are matters of principle on the basis of which we search for answers and solutions to difficult fundamental problems. As the President, I have the mandate of the Third Congress of People's Deputies of the USSR. That Congress, incidentally, was put in a difficult situation. It was initially convened in connection with the institution of the Presidency in our country. All of a sudden, Lithuania, where the second round of parliamentary elections had been scheduled for the end of the same month, made a hasty decision to move up the date of the elections so

that its new Supreme Soviet could meet on March 11, i.e., on the eve of the Congress in Moscow. It looked like a midnight conspiracy that had been hatched in a hurry. This was just the case when a decision is adopted without first thinking about the possible consequences of this 'midnight conspiracy.' Even when smaller questions to be discussed at a session are concerned, they are thoroughly prepared in advance, examined in the first reading and sometimes published for nationwide discussion. Then the views and opinions of voters are generalized, the draft of the decision is examined at a session again, taking into account the results of the nationwide discussion before the final decision is made. Even smaller questions are resolved in this way.

And why act so towards those with whom you co-operate, in such a question as secession from the Soviet Union, of which Lithuania has been a part for fifty years and in which it really exists now, using the common possibilities and participating in all-round exchanges with other republics? You may certainly exercise your constitutional right to withdraw. But you cannot get away from those neighbours close to whom and together with whom you have lived for centuries; you cannot get away from the market which you have used also for centuries. So why on earth should you act this way?!

But this is not the only problem. Even in Lithuania where the proportion of the inhabitants of the indigenous nationality is the highest there are as many as 800,000 non-Lithanians. What is to be done with them? And what is to be done with defence — the missiles and sea bases? Five districts did not belong to Lithuania in 1940 when it joined the Soviet Union. They were ceded to it by Byelorussia. In short, they are adventurers! It is simply our bad luck that in a situation where this country has entered the phase of deep transformations of the federation and when we are thinking over every move we are making on this way, political adventurers are in power in that republic. I myself said this to them, and I say this in public to the whole world. They deserve precisely such a political assessment. They have taken advantage of the ethnic sentiments and are exploiting them to satisfy their political ambitions that failed to materialize. Everything is confused here. But to be guided by emotions and offences is not politics, it is more like football or hockey where there is room for emotional release.

Politics require responsible decisions and responsible actions. The President of the USSR has only one mandate given to him by the Congress — to restore constitutional order. I must say that in our country great pressure is being put on the President — why doesn't he resort to tough measures? When Americans asked me, 'What are you going to do with Lithuania?' I answered: 'We

will resolve this issue in our own way, in a way that would accord with the style and atmosphere of *perestroika*. But we will certainly tackle this issue. The use of extreme measures is not ruled out, but it is something we want to avoid. The Americans would have us put an end to this problem within 24 hours. A period of ten years has been fixed for the withdrawal of Caledonia, France's overseas territory. They have decided to compel us to make such a step within ten hours. This is not serious.

Question

About membership of Germany in NATO: have you been able to bring together your positions a little bit, or not?

Mikhail Gorbachev

We have the common understanding that everything that concerns the internal processes of the unification of Germany should be decided by the Germans themselves. We are not indifferent to the process, and we are following the events close enough. All the same, the Germans should also get rid — and I say this in a friendly way — of the euphoria and set to work because there are as many problems in their home affairs as in the external aspects of unification. But let the Germans themselves resolve these issues. If they ask for any advice we will give it.

Our joint theme with Prime Minister Mulroney is linked with the outer conditions of the process of Germany's unification. I must say that our talk was profound. I think that there are reserves for search, for bringing our views closer together. Obviously, a solution different from that proposed by the West — it proposes only one solution — is possible. I do not see any search or any reflection in that option. The NATO representatives even try to dictate to a certain extent. But this is completely unsuitable.

We in the Soviet Union are thinking over this issue. We have passed over from one suggestion to two and three. . . I expounded them in Moscow, and all of them deserve effort and thought. I want to stress the main idea and I request the newsmen to pay attention to it: we live in a new Europe, in a changing Europe, a Europe which, I believe, is changing for the better. Rapprochement, instead of confrontation and differences, has started as a result of these changes. We have a better idea of, and even greater confidence in, each other. This has enabled us to start adopting most important decisions. This is essential.

And you — those who describe the developments — will confirm that this is true. In my opinion, the most important point is to view the question of a unified Germany's future from the standpoint of external conditions. It is necessary to seek such an option which would contribute to the general positive process and even strengthen it, but not an option capable of thwarting this process on which we pin such great hopes, and undermining the positive orientation of the European processes, the very central point of world politics.

That is why we should think over this question responsibly. An option which would put this or the other side in a position when it wonders if this prejudices its security, may cause suspicion. In general, what is the idea behind this option? Maybe, in this case they want more — to make NATO, in the course of change, a tool in the expansion of their spheres of influence. But if this be the case we are talking of old stereotypes, a return to the Cold War, a deadlock situation, aggravation. In that case the opposite side should think over its next moves. So it takes time to think over the current developments. And what is to be done with the military, political and other processes which are under way? What is to be done with the Vienna meeting? What is to be done with the unilateral moves which we have made and which we intend to make? Should they be continued or limited? All this is very serious.

You know, if anyone hopes that with the current *perestroika* in the Soviet Union it will be possible to fish in muddy waters, I want to disappoint such people. It won't work. It is a very superficial judgement. I would describe it as the poverty of philosophy, and the poverty of philosophy leads to the poverty of politics. It would be bad for all of us.

I have told correspondents from *Time* magazine that the question of the external aspects of the reunification of Germany is a subordinate issue, whereas the primary one is the current process of profound changes in the world, which promises to create a new world situation and to impart a fundamentally different character to international relations. There will be holdups and different turns in this momentous process. We must always think about the most important thing and keep in sight the principal direction of world events.

We have had a good, serious exchange of opinions with the Prime Minister on this score. I think that Mr Mulroney, too, will give thought to this and I have also heeded his arguments. I think that while I fly to the United States, Mr Mulroney will be conveying them to Washington, too. Let them think about it there. We are in for a very serious discussion.

Brian Mulroney

If I may, I want to respond to the specific question asked by your colleague.

All of the nations suffered greatly in the Second World War, but none suffered more dramatically than the Soviet Union. I believe that the velocity of change, the unpredictable velocity of change in Western Europe in respect of the unification of Germany, has resulted in a degree of insensitivity, inadvertent insensitivity to the feelings, the legitimate security apprehensions of the Soviet Union.

One of the most important developments since the war, if not the most, has been the successful dialogue initiated by President Gorbachev and President Reagan, now President Bush. This is a singularly constructive forum for the world. It is important that the ongoing success of this not be predicated necessarily or exclusively on a litmus test proposal that involved the manner in which the question of Germany were ultimately resolved. Once under way, democracy is an uncontrollable event and that's what happened in Eastern Europe.

That having been said, Mr Clark and Mr Shevardnadze have discussed, since Open Skies, here in Ottawa, the opportunities for reorientation of NATO thinking based upon Article II of the Charter, which would be more amenable to the new situation that exists now in the Soviet Union and in Central Europe. Also, the role for the CSCE, the institutionalized apparatus and its future, would I think, if better defined, if more properly explained, if better negotiated, give a great deal of comfort to those in the Soviet Union who bear the scars and the very sad memories of something, which for many of us far away in the United States and in Canada, was a war we fought vigorously and, I think, well, but without the lasting burdens in one's homeland. This is something most important for Americans and Canadians to remember.

Mr Clark and I have sought and will continue to seek at the NATO summit in early July and then at the Houston summit of the G-7, every opportunity to convey this to our colleagues so that the important instrument of the Soviet-US summits not be impaired by tandem or parallel action, which is going on in respect of the unification of Germany and its place in NATO. Canada feels very strongly about the value of NATO and about the importance of accepting membership by a unified Germany, but there are ways and there's a manner in which this might be done that would be more accommodating of the realities that President Gorbachev has spoken of so eloquently and so well, and I know that Canada has been communicating with its partners and will continue to do so to make sure that reasonable goals are achieved without impairing or perhaps dealing a lethal blow to the progress that President Gorbachev and President Bush have initiated this far.

Question

Comrade Gorbachev, as one of the few members of the Canadian Socialist Press in this country I want to, first of all, say, that it's truly a great achievement to see you here and we hope you return. My question is in regards to your plans for total disarming by the year 2000. Do you think we're any closer to that?

Brian Mulroney

I want to disagree with my friend. He is not one of the rare members of the Socialist Press in Canada.

Question

In this room, I think so.

Brian Mulroney (laughing)

The press in Canada has very good and handsome representation.

Question

Was my question clear enough? I understand that you put forward a plan a few years ago with the United States for total disarmament by the year 2000, on both sides. Do you feel we are closer towards that as you meet with President Bush?

Mikhail Gorbachev

I'm glad to greet a Socialist. I certainly don't forget my own suggestions, especially such an initiative as the one announced on January 15, 1986. To prove that I haven't forgotten its contents, I must correct you: that initiative dealt with arriving at a nuclear-free, non-violent world and complete disarmament not only between the Soviet Union and the United States by the year 2000. This is one point. Another point is that in your question there was quite possibly an undertone which I would describe as a certain scepticism. You know, this does not disturb me, and I am actually pleased to answer your question. Let me explain why. When this announcement was made, the first reaction among you, jour-

nalists and many politicians and politologists, was that this was another illusion or utopia. As time has passed, however, we have already scrapped the first class of nuclear weapons, and now we are close to very cardinal measures involving chemical weapons. It will be the subject of our decisions in Washington. We have indeed achieved great progress as concerns the proposed 50 per cent cut in strategic nuclear weapons. I think that important work will be done in Washington and I hope that it will be met with understanding. I don't want to jump the gun, but there are chances for major progress at the Summit in Washington on the cardinal issue of arms reduction.

And finally, the third point. The proposal dealt not only with nuclear weapons and a non-violent world, but also with conventional weapons, that their level should be brought down, for the world is overloaded with weapons. The fact that there are talks in Vienna and that, despite all the difficulties, headway has been made there, too, shows that this process is developing. From the viewpoint of practical agreements, it is unimportant when exactly this process will end, by the year 2000 or 2005, for we are dealing with problems of colossal magnitude. It is important that this process has got off the ground and is moving ahead.

Brian Mulroney

Mesdames et monsieurs, Mr President and Mrs Gorbachev, thank you again, a final thank you on behalf of the people in the Government of Canada, and my best wishes for safe travel for all members of the press and of course all members of the President's party. Thank you all.

Mikhail Gorbachev

My last words are addressed to the people of Canada. I would like to express my sincere gratitude for the hospitality and friendliness and the openness which my colleagues and I, together with Raisa Maximovna, have met here over these two short days. We have sensed this warmth and we cordially thank everyone for it. The Canadians can count on friendship and co-operation of the Soviet people. Good-bye.

DOCUMENT 6

London Declaration on a Transformed North Atlantic Alliance Issued by the Heads of State and Government participating in the Meeting of the North Atlantic Council in London 5-6 July 1990

1. Europe has entered a new, promising era. Central and Eastern Europe is liberating itself. The Soviet Union has embarked on the long journey toward a free society. The walls that once confined people and ideas are collapsing. Europeans are determining their own destiny. They are choosing freedom. They are choosing economic liberty. They are choosing peace. They are choosing a Europe whole and free. As a consequence, this Alliance must and will adapt.

2. The North Atlantic Alliance has been the most successful defensive alliance in history. As our Alliance enters its fifth decade and looks ahead to a new century, it must continue to provide for the common defence. This Alliance has done much to bring about the new Europe. No one, however, can be certain of the future. We need to keep standing together, to extend the long peace we have enjoyed these past four decades. Yet our Alliance must be even more an agent of change. It can help build the structures of a more united continent, supporting security and stability with the strength of our shared faith in democracy, the rights of the individual, and the peaceful resolution of disputes. We reaffirm that security and stability do not lie solely in the military dimension, and we intend to enhance the political component of our Alliance as provided for by Article 2 of our Treaty.

3. The unification of Germany means that the division of Europe is also being overcome. A united Germany in the Atlantic Alliance of free democracies and part of the growing political and economic integration of the European Community will be an indispensable factor of stability, which is needed in the heart of Europe. The move within the European Community towards political union, including the development of a European identity in the domain of security, will also contribute to Atlantic solidarity and to the establishment of a just and lasting order of peace throughout the whole of Europe.

4. We recognise that, in the new Europe, the security of every state is inseparably linked to the security of its neighbours. NATO must become an institution

where Europeans, Canadians and Americans work together not only for the common defence, but to build new partnerships with all the nations of Europe. The Atlantic Community must reach out to the countries of the East which were our adversaries in the Cold War, and extend to them the hand of friendship.

5. We will remain a defensive alliance and will continue to defend all the territory of all of our members. We have no aggressive intentions and we commit ourselves to the peaceful resolution of all disputes. We will never in any circumstance be the first to use force.

6. The member states of the North Atlantic Alliance propose to the member states of the Warsaw Treaty Organization a joint declaration in which we solemnly state that we are no longer adversaries and reaffirm our intention to refrain from the threat or use of force against the territorial integrity or political independence of any state, or from acting in any other manner inconsistent with the purposes and principles of the United Nations Charter and with the CSCE Final Act. We invite all other CSCE member states to join us in this commitment to non-aggression.

7. In that spirit, and to reflect the changing political role of the Alliance, we today invite President Gorbachev on behalf of the Soviet Union, and representatives of the other Central and Eastern European countries to come to Brussels and address the North Atlantic Council. We today also invite the governments of the Union of Soviet Socialist Republics, the Czech and Slovak Federal Republic, the Hungarian Republic, the Republic of Poland, the People's Republic of Bulgaria and Romania to come to NATO, not just to visit, but to establish regular diplomatic liaison with NATO. This will make it possible for us to share with them our thinking and deliberations in this historic period of change.

8. Our Alliance will do its share to overcome the legacy of decades of suspicion. We are ready to intensify military contacts, including those of NATO Military Commanders, with Moscow and other Central and Eastern European capitals.

9. We welcome the invitation to NATO Secretary General Manfred Wörner to visit Moscow and meet with Soviet leaders.

10. Military leaders from throughout Europe gathered earlier this year in Vienna to talk about their forces and doctrine. NATO proposes another such meeting this Autumn to promote common understanding. We intend to establish an entirely different quality of openness in Europe, including an agreement on 'Open Skies.'

11. The significant presence of North American conventional and U.S. nuclear forces in Europe demonstrates the underlying political compact that binds North

America's fate to Europe's democracies. But, as Europe changes, we must profoundly alter the way we think about defence.

12. To reduce our military requirements, sound arms control agreements are essential. That is why we put the highest priority on completing this year the first treaty to reduce and limit conventional armed forces in Europe (CFE) along with the completion of a meaningful CSBM package. These talks should remain in continuous session until the work is done. Yet we hope to go further. We propose that, once a CFE Treaty is signed, follow-on talks should begin with the same membership and mandate, with the goal of building on the current agreement with additional measures, including measures to limit manpower in Europe. With this goal in mind, a commitment will be given at the time of signature of the CFE Treaty concerning the manpower levels of a unified Germany.

13. Our objective will be to conclude the negotiations on the follow-on to CFE and CSBMs as soon as possible and looking to the follow-up meeting of the CSCE to be held in Helsinki in 1992. We will seek through new conventional arms control negotiations, within the CSCE framework, further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe, so as to prevent any nation from maintaining disproportionate military power on the continent. NATO's High Level Task Force will formulate a detailed position for these follow-on conventional arms control talks. We will make provisions as needed for different regions to redress disparities and to ensure that no one's security is harmed at any stage. Furthermore, we will continue to explore broader arms control and confidence-building opportunities. This is an ambitious agenda, but it matches our goal: enduring peace in Europe.

14. As Soviet troops leave Eastern Europe and a treaty limiting conventional armed forces is implemented, the Alliance integrated force structure and its strategy will change fundamentally to include the following elements:

- NATO will field smaller and restructured active forces. These forces will be highly mobile and versatile so that Allied leaders will have maximum flexibility in deciding how to respond to a crisis. It will rely increasingly on multinational corps made up of national units.
- NATO will scale back the readiness of its active units, reducing training requirements and the number of exercises.
- NATO will rely more heavily on the ability to build up larger forces if and when they might be needed.

15. To keep the peace, the Alliance must maintain for the foreseeable future an appropriate mix of nuclear and conventional forces, based in Europe, and kept up to date where necessary. But, as a defensive Alliance, NATO has

always stressed that none of its weapons will ever be used except in self-defence and that we seek the lowest and most stable level of nuclear forces needed to secure the prevention of war.

16. The political and military changes in Europe, and the prospects of further changes, now allow the Allies concerned to go further. They will thus modify the size and adapt the tasks of their nuclear deterrent forces. They have concluded that, as a result of the new political and military conditions in Europe, there will be a significantly reduced role for sub-strategic nuclear systems of the shortest range. They have decided specifically that, once negotiations begin on short-range nuclear forces, the Alliance will propose, in return for reciprocal action by the Soviet Union, the elimination of all its nuclear artillery shells from Europe.

17. New negotiations between the United States and the Soviet Union on the reduction of short-range nuclear forces should begin shortly after a CFE agreement is signed. The Allies concerned will develop an arms control framework for these negotiations which takes into account our requirements for far fewer nuclear weapons, and the diminished need for sub-strategic nuclear systems of the shortest range.

18. Finally, with the total withdrawal of Soviet stationed forces and the implementation of a CFE agreement, the Allies will continue to fulfil an essential role in the overall strategy of the Alliance to prevent war by ensuring that there are no circumstances in which nuclear retaliation in response to military action might be discounted. However, in the transformed Europe, they will be able to adopt a new NATO strategy making nuclear forces truly weapons of last resort.

19. We approve the mandate given in Turnberry to the North Atlantic Council in Permanent Session to oversee the ongoing work on the adaptation of the Alliance to the new circumstances. It should report its conclusions as soon as possible.

20. In the context of these revised plans for defence and arms control, and with the advice of NATO Military Authorities and all member states concerned, NATO will prepare a new Allied military strategy moving away from 'forward defence', where appropriate, towards a reduced forward presence and modifying 'flexible response' to reflect a reduced reliance on nuclear weapons. In that connection, NATO will elaborate new force plans consistent with the revolutionary changes in Europe. NATO will also provide a forum for Allied consultation on the upcoming negotiations on short-range nuclear forces.

21. The Conference on Security and Co-operation in Europe (CSCE) should

become more prominent in Europe's future, bringing together the countries of Europe and North America. We support a CSCE Summit later this year in Paris which would include the signature of a CFE agreement and would set new standards for the establishment, and preservation, of free societies. It should endorse, inter alia:

— CSCE principles on the right to free and fair elections;
— CSCE commitments to respect and uphold the rule of law;
— CSCE guidelines for enhancing economic co-operation, based on the development of free and competitive market economies; and
— CSCE co-operation on environmental protection.

22. We further propose that the CSCE Summit in Paris decide how the CSCE can be institutionalised to provide a forum for wider political dialogue in a more united Europe. We recommend that CSCE governments establish:

— a programme for regular consultations among member governments at the Heads of State and Government or Ministerial level, at least once each year, with other periodic meetings of officials to prepare for and follow up on these consultations;
— a schedule of CSCE review conferences once every two years to assess progress toward a Europe whole and free;
— a small CSCE secretariat to co-ordinate these meetings and conferences;
— a CSCE mechanism to monitor elections in all the CSCE countries, on the basis of the Copenhagen Document;
— a CSCE Centre for the Prevention of Conflict that might serve as a forum for exchanges of military information, discussion of unusual military activities, and the conciliation of disputes involving CSCE member states; and
— a CSCE parliamentary body, the Assembly of Europe, to be based on the existing parliamentary assembly of the Council of Europe, in Strasbourg, and include representatives of all CSCE member states.

The sites of these new institutions should reflect the fact that the newly democratic countries of Central and Eastern Europe form part of the political structures of the new Europe.

23. Today, our Alliance begins a major transformation. Working with all the countries of Europe, we are determined to create enduring peace on this continent.

DOCUMENT 7

G-7* Meeting, Houston, July 1990
Economic Summit

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A. Statement of the Chairman (George Bush, President, U.S.A.)

July 10, 1990

The Political Declaration released today celebrates the historic advance of democracy since the Seven met last summer in Paris. In the Declaration, we reiterate our support for the peaceful democratic movement that is bringing freedom to Central and Eastern Europe and uniting Germany. But the great events in Europe should not lead us to overlook other opportunities and other needs.

During our discussion, we cited Namibia as a positive model for democratic evolution elsewhere on the African continent. Most of the leaders here have met recently with Nelson Mandela and some with South African President de Klerk. We believe the focus of our efforts should be on encouraging negotiations to bring about a non-racial democracy in South Africa.

In Central and South America, we welcome the return of democracy to Chile and Panama and free and fair elections in Nicaragua. And the winds of freedom have not bypassed Asia, where we are witnessing important changes taking place in Nepal and Mongolia.

We acknowledge some recent actions taken by the Chinese government, but for now the measures put in place at last year's Summit remain. We will explore, however, whether there are World Bank loans that would contribute to reform of the Chinese economy, especially to meet environmental concerns.

We also devoted considerable discussion to the evolution of events in the Soviet Union and how a reforming Soviet Union can play an important role in addressing both old and new challenges facing the international community.

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* Members: Canada, Federal Republic of Germany, France, Italy, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

President Bush will review that discussion for you in more detail tomorrow.

The Declaration closes by suggesting actions Western nations can take to help secure and promote democracy's advance in all regions in the world. The Declaration notes that political freedom and economic liberty are mutually reinforcing and cannot flourish in an environment of intolerance.

A separate statement was issued on the transnational problems of terrorism and the proliferation of nuclear, chemical, and biological weapons, as well as ballistic missiles. These dangers, like the illicit trade in narcotics that will be addressed in tomorrow's Communiqué, know no boundaries. In the case of nuclear proliferation, the deliberations here take on added significance in this 20th anniversary year of the Nuclear Non-Proliferation Treaty.

In addition to the topics covered in the documents released today, regional conflicts were discussed. We recognize each conflict's unique nature and the responsibility of the parties on the ground to take the lead in seeking negotiated solutions. We believe, however, that free and fair elections have a key role in bringing peace to these regions. In Afghanistan, Cambodia, and Angola, we want to see negotiated settlements providing for ceasefires, arms cutoffs, and transition periods supported by the UN and regional organizations, all leading to free elections.

We discussed the current situation in the Middle East and, although different approaches were raised, we all agreed on the need for movement in the peace process. We expressed the hope that the cycle of violence and repression would give way to early dialogue between Israel and Palestinians that will lead to free, democratic elections and negotiations.

Regarding the human tragedy in the Horn of Africa, we discussed, among other actions being taken, the recent agreement between the United States and the Soviet Union to launch a joint effort to deal with starvation and conflict in Ethiopia.

We also noted with particular concern developments related to Kashmir. These events threaten regional stability, and could imperil the growth of political and economic freedoms in two democracies, India and Pakistan. We are encouraged by recent moves toward dialogue between the two countries and agreed to use all means at our disposal to encourage and support this process.

We expressed our concern that the Asia and Pacific region has yet to see the same process of conciliation, military disengagement, and reduction of tensions that has characterized East-West relations in Europe. In this regard, we support the early resolution of the Northern Territories issue as an essential step leading to the normalization of Japanese-Soviet relations. The Korean peninsula

remains an area of sharp concern, especially because the North has yet to sign and implement a nuclear safeguards agreement. We welcome the recent talks between North and South Korea and hope they mark a turning point in inter-Korean relations.

In sum, the Summit partners share the imperative of our time: to help promote and secure democracy around the world. We are committed to turn the hopes of today into the solid achievements of tomorrow.

B. Political Declaration Securing Democracy

July 10, 1990

1. We, the Leaders of our seven countries and the Representatives of the European Community, salute the men and women around the world whose courage and wisdom have inspired and brought about the historic advances of democracy we have witnessed over the past year. As we enter the final decade of this century, which we intend should be a Decade of Democracy, we reiterate our commitment to support the strengthening of democracy, human rights, and economic reconstruction and development through market-oriented economies. We emphasize the important opportunity provided in this forum for representatives from Europe, Japan, and North America to discuss critical challenges of the coming years.

2. Europe is at the dawn of a new era. We welcome enthusiastically the profound and historic changes sweeping the continent. The London Declaration on a Transformed North Atlantic Alliance provides a new basis for co-operation among former adversaries in building a stable, secure, and peaceful Europe. We are determined to seize all opportunities to achieve a Europe whole and free and recognize the European Community's contribution to that effort. We applaud the unification of Germany, which is a tangible expression of mankind's inalienable right to self-determination and a major contribution to stability in Europe.

We welcome the replacement of repressive régimes in Central and Eastern Europe by governments freely chosen by their peoples. We applaud the introduction of the rule of law and the freedoms that are the bedrock of a democratic state. We urge Romania, following recent events, to adhere to the positive trend taking place in other countries of Central and Eastern Europe.

3. We welcome the intention of the Soviet Union to move toward a democratic political system, as well as Soviet attempts to reform their economy along market principles. We commit ourselves to working with the Soviet Union to assist its efforts to create an open society, a pluralistic democracy, and a market-

oriented economy. Such changes will enable the Soviet Union to fulfill its responsibilities in the community of nations founded on these principles. We are heartened by indications that a constructive dialogue is underway between the Soviet government and the Baltic states, and we urge all sides to continue this dialogue in a democratic spirit.

4. The advance of democracy accompanied by market-oriented economic reforms is not just a European phenomenon. Since we last met, we have witnessed the spread of democratic values in many parts of the world.

In Asia, there are encouraging signs of new political openness in Mongolia and Nepal. In the Philippines, the government continues to engage in courageous efforts to consolidate democracy.

We acknowledge some of the recent developments in China, but believe that the prospects for closer co-operation will be enhanced by renewed political and economic reform, particularly in the field of human rights. We agree to maintain the measures put into place at last year's Summit, as modified over the course of this year. We will keep them under review for future adjustments to respond to further positive developments in China. For example, in addition to existing lending to meet basic human needs, we will explore whether there are other World Bank loans that would contribute to reform of the Chinese economy, especially loans that would address environmental concerns.

5. In Africa, we hope that Namibia's attainment of independence and democracy will be a positive example for freedom, pluralism, and market-oriented economic reform throughout the continent. We also welcome the positive developments that have taken place in South Africa, especially the launching of talks between the government and representatives of the black majority. We hope this will lead to a peaceful transition to a non-radical democracy and the complete dismantlement of the apartheid system. We will continue to support this process and we call on all parties to refrain from violence or its advocacy.

6. In Latin America, we welcome the re-establishment of freedom and democracy in Chile. We applaud the recent fair and free elections in Nicaragua, as well as progress on the path to peace through dialogue in El Salvador and Guatemala. We encourage the efforts of the Panamanian government to re-establish democracy and the rule of law. We note with satisfaction the positive evolution in Haiti. We hope that Cuba will take steps to join the democratic trend in the rest of Latin America.

7. While we applaud the reduction of ideological conflicts that have divided much of the world since the end of the Second World War, we note with deep concern the re-emergence of intolerance affecting ethnic and religious groups.

We agree that such intolerance can lead to conflicts, which can threaten fundamental human rights, as well as political and economic development.

8. We reaffirm our commitment to the fundamental principles we seek to realize in our own societies, and we underscore that political and economic freedoms are closely linked and mutually reinforcing. Each of us stands ready to help in practical ways those countries that choose freedom, through the provision of constitutional, legal, and economic know-how and through economic assistance, as appropriate.

In drawing from our different constitutional and historical experiences, we stand ready, individually and jointly in relevant fora, to:

- assist in the drafting of laws, including bills of rights and civil, criminal, and economic framework laws;
- advise in the fostering of independent media;
- establish training programmes in government, management, and technical fields;
- develop and expand people-to-people contacts and exchange programmes to help diffuse understanding and knowledge.

In the same spirit, the recent G-24 Ministerial agreed to extend its assistance in Central and Eastern Europe in parallel with progress in political and economic reform.

We agree the challenge facing the industrialized democracies is to continue the effort already underway in Europe while expanding efforts to support political reform and economic development in other parts of the world. We call on our people and the people of other democracies to join in this great endeavour.

C. Statement on Transnational Issues

July 10, 1990

Terrorism

We, the Heads of State or Government, reaffirm our condemnation of terrorism in all its forms, our commitment to make no concessions to terrorists or their sponsors, and our resolve to continue to co-operate in efforts to combat terrorism. We demand that those governments which provide support to terrorists end such support immediately. We are determined not to allow terrorists to remain unpunished, but to see them brought to justice in accordance with international law and national legislation.

We welcome the recent release of several hostages, but remain deeply concerned that hostages are still being held, some for more than five years. Their ordeal and that of their families must end. We call for the immediate, unconditional and safe release of all hostages and for an accounting of all persons taken hostage who may have died while being held. We call on those with influence over hostage-takers to use their influence to this end.

We note with deep concern the continuing threat presented to civil aviation by terrorist groups, as demonstrated by such outrages as the sabotage of civil aircraft over Lockerbie, Scotland on December 21, 1988, above Niger on September 19, 1989, and over Colombia on November 27, 1989. We reiterate our determination to fight terrorist assaults against civil aviation.

Accordingly, we will continue our co-operation to negotiate a convention requiring the introduction of additives into plastic explosives to aid in their detection. We pledge to work to strengthen international civil aviation security standards. Consistent with this objective, we note the importance of making available training and technical assistance to other nations. We support initiatives undertaken through the International Civil Aviation Organization (ICAO) regarding this issue. We will work together with ICAO to expand such assistance.

Non-proliferation

We discussed the threat to international security posed by the proliferation of nuclear, chemical and biological weapons, and of ballistic missile weapons delivery systems.

With regard to nuclear proliferation, we take special note of the recent declaration issued by the European Council in Dublin on that subject. That document underscored the great importance attached to the maintenance of an effective international nuclear non-proliferation régime and the need to make every effort to contribute to strengthening non-proliferation and encouraging the participation of further countries in the régime. The Treaty on Non-Proliferation of Nuclear Weapons (NPT) is an important element of that régime. We further endorse the EC's call for all states to apply IAEA safeguards on as universal a basis as possible.

We also urge all nuclear suppliers to adopt nuclear export control measures equivalent to the Nuclear Suppliers Group Guidelines.

Whether NPT parties or not, we commit ourselves to working actively to secure a satisfactory outcome to nuclear non-proliferation discussions in the forthcoming months, including those at the Fourth Review Conference of the NPT.

We hope that these discussions will contribute to the achievement of as broad

a consensus as possible in favour of an equitable and stable non-proliferation régime. Such a régime should be based on an indispensable balance between the non-proliferation of arms and the development of peaceful and safe uses of nuclear energy.

The global community has focused for decades on nuclear proliferation, especially when combined with advanced missile delivery systems. Today we also face new and growing problems from the proliferation of chemical and biological weapons.

With regard to chemical and biological proliferation, we commit ourselves to pursue efforts to prevent the diversion of chemical precursors at a national level, as well as in the relevant Western fora. We similarly commit ourselves to be vigilant about the danger of potential diversions in the field of biological technologies.

We endorse a complete ban on chemical weapons, through an effective and verifiable treaty, as the only long-term guarantee against the proliferation of chemical weapons. We believe an important step toward achieving such a treaty was made in the recent U.S.-Soviet agreement on destruction and non-production of chemical weapons and the recent declaration of intent by NATO states to become original signatories to the Chemical Weapons Convention. We reiterate our determination, first expressed at the 1989 Paris Conference on Chemical Weapons, to redouble the effort at the Conference on Disarmament in Geneva to resolve the remaining issues and to conclude the Convention at the earliest date. We also urge all states to become parties as soon as it is concluded. Similarly, as the 1991 Review Conference on the Biological Weapons Convention approaches, we call on all nations that have not become party to the Convention to do so and to participate in confidence-building measures designed to strengthen its effectiveness.

We wish to highlight the importance of dealing with the related threat of ballistic missiles capable of delivering nuclear, chemical and biological weapons. We note especially the contribution of the Missile Technology Control Régime (MTCR) to our joint efforts to control missile proliferation. We applaud the recent decisions of additional nations to adhere to the MTCR, and we call upon all nations to observe the MTCR Guidelines.

D. Houston Economic Declaration

July 11, 1990

1. We, the Heads of State and Government of the seven major industrial democracies and the President of the Commission of the European Communities, meeting in Houston for our annual Economic Summit, celebrate the renaissance of democracy throughout much of the world. We welcome unreservedly the spread of multiparty democracy, the practice of free elections, the freedom of expression and assembly, the increased respect for human rights, the rule of law, and the increasing recognition of the principles of the open and competitive economy. These events proclaim loudly man's inalienable rights: When people are free to choose, they choose freedom.

2. The profound changes taking place in Europe, and progress toward democracy elsewhere, give us great hope for a world in which individuals have increasing opportunities to achieve their economic and political aspirations, free of tyranny and oppression.

3. We are mindful that freedom and economic prosperity are closely linked and mutually reinforcing. Sustainable economic prosperity depends upon the stimulus of competition and the encouragement of enterprise — on incentives for individual initiative and innovation, on a skilled and motivated labour force whose fundamental rights are protected, on sound monetary systems, on an open system of international trade and payments, and on an environment safeguarded for future generations.

4. Around the world, we are determined to assist other peoples to achieve and sustain economic prosperity and political freedom. We will support their efforts with our experience, resources, and goodwill.

The International Economic Situation

5. In recent years, substantial progress has been achieved in promoting a stronger world economy through sound macro-economic policies and greater economic efficiency. The economic expansion in our countries, now in its eighth year, has supported notable income growth and job creation in the context of rapid growth of international trade. However, unemployment remains high in a number of countries. Inflation, although considerably lower than in the early 1980s, is a matter of serious concern in some countries and requires continued vigilance. External imbalances have been reduced in the United States and Japan, whereas in other cases they have increased. Continuing adjustment remains a priority in order to counter protectionist pressures, alleviate uncertainties in finan-

cial and exchange markets, and contribute to avoiding pressures on interest rates. Sound domestic macro-economic policies, which may differ according to conditions in each country, will make a major contribution to further external adjustment.

6. In the developing world, the experience of the late 1980s varied widely. Some economies, particularly in East India, continued to experience impressive domestic growth rates. The economies of a number of other developing countries have been stagnant or declined. Nonetheless, serious efforts — in some cases by new leadership — to implement economic adjustment and market-oriented policies have begun to yield positive results and should be continued.

International Monetary Developments and Policy Co-ordination

7. At a time of growing economic interdependence, the Summit countries have developed a co-operative process based on a common appreciation of the need for market-oriented policies and the importance of sound domestic budgetary and monetary policies. This process has contributed importantly to the strengthened performance of the world economy and to improved stability of exchange rates by concentrating attention on multilateral surveillance and close co-ordination of economic policies, including co-operation on exchange markets. It is important to continue and, where appropriate, to strengthen this co-operative and flexible approach to improve the functioning of the international monetary system and contribute to its stability.

8. To sustain the present economic expansion to the benefit of all countries, each nation must pursue sound policies. Balanced expansion of demand with increasing productive capacity is key, while external imbalances and structural rigidities require correction. Price pressures warrant continued vigilance.

9. Countries with sizable current account deficits should contribute to the adjustment process by the reduction of fiscal deficits, and undertake structural reforms to encourage private saving and increase competitiveness.

10. Countries with large external surpluses should contribute to the adjustment process by sustained non-inflationary growth of domestic demand with structural reform in order to improve the underlying conditions for growth and adjustment and to promote increased investment relative to saving.

11. The investment needs of the world as a whole are expected to grow in the coming years, particularly in Central and Eastern Europe and in developing countries undertaking market reforms, as well as in some industrial countries. To meet these needs, industrial and developing countries alike should foster saving and discourage dissaving.

12. The market-oriented restructuring of Central and Eastern European economies should stimulate their growth and increase their integration into the global economy. We support these changes and seek to assure that this difficult transformation will contribute to global growth and stability.
13. Within the European Community, the European Monetary System is leading to a high degree of economic convergence and stability. We note the European Community's decision to launch the Intergovernmental Conference on Economic and Monetary Union and the beginning of the first stage of that union. During this first stage, closer surveillance and co-ordination of economic and monetary policies will contribute toward non-inflationary growth and a more robust international economic system.
14. We welcome the prospect of a unified, democratic Germany which enjoys full sovereignty without discriminatory constraints. German economic, monetary, and social union will contribute to improved non-inflationary global growth and to a reduction of external imbalances. This process will promote positive economic developments in Central and Eastern Europe.
15. We call on the member countries of the International Monetary Fund (IMF) to implement the agreement by the IMF to increase quotas by 50 per cent under the Ninth General Review of Quotas and to strengthen the IMF arrears strategy.

Measures Aimed at Economic Efficiency

16. Considerable progress has been made over the past few years in supplementing macro-economic policies with reforms to increase economic efficiency. We welcome the progress in the realization of the internal market in the European Community and the continuing efforts to reduce structural rigidities in North America and Japan. Nonetheless, we emphasize the widespread need for further steps to promote regulatory reform and liberalize areas such as retail trade, telecommunications, transport, labour markets, and financial markets, as well as to reduce industrial and agricultural subsidies, improve tax systems, and improve labour-force skills through education and training.
17. We welcome the major contributions of the Organization for Economic Co-operation and Development (OECD) in identifying structural policy challenges and options. We encourage the OECD to strengthen its surveillance and review procedures, and to find ways of making its work operationally more effective.

The International Trading System

18. The open world trading system is vital to economic prosperity. A strength-

ened General Agreement on Tariffs and Trade (GATT) is essential to provide a stable framework for the expansion of trade and the fuller integration of Central and Eastern Europe and developing countries into the global economy. We reject protectionism in all its forms.

19. The successful outcome of the Uruguay Round has the highest priority on the international economic agenda. Consequently, we stress our determination to take the difficult political decisions necessary to achieve far-reaching, substantial results in all areas of the Uruguay Round by the end of this year. We instruct our negotiators to make progress and in particular to agree on the complete profile of the final package by the July meeting of the Trade Negotiations Committee.

20. We confirm our strong support for the essential broad objectives of the negotiations: reform of agricultural policies; a substantial and balanced package of measures to improve market access; strengthened multilateral rules and disciplines; the incorporation of new issues of service, trade-related investment measures, and intellectual property protection within the GATT framework; and integration of developing countries into the international trading system.

21. As regards agriculture, achieving the long-term objective of the reform of agricultural policies is critical to permit the greater liberalization of trade in agricultural products. Experience has shown the high cost of agricultural policies which tend to create surpluses. The outcome of the GATT negotiations on agriculture should lead to a better balance between supply and demand and ensure that agricultural policies do not impede the effective functioning of international markets. We therefore reaffirm our commitment to the long-term objective of the reform, i.e., to allow market signals to influence agriculture production and to establish a fair and market-oriented agricultural trading system.

22. The achievement of this objective requires each of us to make substantial, progressive reductions in support and protection of agriculture — covering internal régimes, market access, and export subsidies — and develop rules governing sanitary and phytosanitary measures. Variations among countries in the mechanisms of agricultural support reflect differences in the social and economic conditions of farming. The negotiations on agriculture should therefore be conducted in a framework that includes a common instrument of measurement, provides for commitments to be made in an equitable way among all countries, and takes into account concerns about food security. The framework should contain specific assurances that, by appropriate use of the common measure as well as other ways, participants would reduce not only internal support but also export subsidies and import protection in a related way.

23. Agreement on such a framework by the time of the July meeting of the Trade Negotiations Committee is critical to the successful completion of the Uruguay Round as a whole. Accordingly, we commend to our negotiators the text submitted by the Chairman of the Agricultural Negotiating Group as a means to intensify the negotiations. We intend to maintain a high level of personal involvement and to exercise the political leadership necessary to ensure the successful outcome of these negotiations.

24. Negotiations on market access should achieve agreement on a substantial and balanced package of measures. As regards textiles, the objective is to liberalize the textile and clothing sector through progressive dismantling of trade barriers and its integration, under a precise timetable, into GATT on the basis of strengthened GATT rules and disciplines.

25. Negotiations on multilateral rules and disciplines should strengthen GATT rules in areas such as safeguards, balance of payments, rules of origin, and updated disciplines for dumping and antidumping measures. Concerning subsidies, rules are needed which will effectively discipline domestic subsidies so as to avoid trade distortions, competitive subsidization, and trade conflicts. Improved disciplines must also cover countervailing measures so that they do not become barriers to trade.

26. As regards the new areas, the aim is to develop new rules and procedures within the GATT framework, including: a framework of contractually enforceable rules to liberalize services trade, with no sector excluded *a priori*; an agreemet to reduce trade distorting effects of trade-related investment measures; and an agreement to provide for standards and effective enforcement of all intellectual property rights.

27. A successful Uruguay Round is essential for industrialized and developing countries alike. We seek the widest possible participation of developing countries in the Round and their further integration into the multilateral trading system. To achieve this objective, developed countries are prepared to accept greater multilateral disciplines in all areas and to offer improved market access in areas of interest to developing countries such as textiles and clothing, tropical products, and agriculture.

28. For their part, developing countries should substantially reduce their tariffs and increase the percentage of tariffs that are bound; subscribe to balanced and effective restraints on all forms of exceptions, including measures imposed for balance-of-payments difficulties; and participate meaningfully in agreements covering the new areas. The end result should be a single set of multilateral rules applicable to all GATT contracting parties, although some developing coun-

tries, especially the least developed, may need longer transition periods or other transitional arrangements on a case by case basis.

29. The wide range of substantive results which we seek in all these areas will call for a commitment to strengthen further the institutional framework of the multilateral trading system. In that context, the concept of an international trade organization should be addressed at the conclusion of the Uruguay Round. We also need to improve the dispute settlement process in order to implement the results of the negotiations effectively. This should lead to a commitment to operate only under the multilateral rules.

Direct Investment

30. Free flows of investment increase global prosperity by complementing the open international trade system. In particular, foreign direct investment can help restructure the economies of developing and Central and Eastern European countries, create new jobs, and raise living standards.

31. All countries should therefore seek to reduce their barriers to investment and resist protectionist pressures to discourage or discriminate against such investment. The OECD and the GATT should continue to promote investment liberalization. The multilateral development banks and the IMF should require investment liberalization in their programs in Central and Eastern Europe and developing countries.

Export Credits

32. We welcome the important negotiations that are underway in the OECD on a balanced package of measures to strengthen multilateral disciplines on trade — and aid-distorting export credit subsidies. This package, to be completed by spring of 1991, should reduce substantially, through improved discipline and transparency, distortions resulting from the use of officially supported commercial and aid credits. It is also important to avoid introducing trade distortions in financial flows to the nations of Central and Eastern Europe.

Reform in Central and Eastern Europe

33. We welcome the political and economic reforms taking place in Central and Eastern Europe. At the recent Conference on Security and Co-operation in Europe (CSCE) in Bonn and by the agreement to establish the European Bank for Reconstruction and Development (EBRD), the participating countries of the region accepted the key principles underpinning market economies. However, the degree of implementation of economic and political reform varies widely by

country. Several countries have taken courageous and difficult measures to stabilize their economies and shorten the transition to a market economy.

34. We and other countries should assist Central and Eastern European nations that are firmly committed to economic and political reform. Those providing help should favour countries that implement such reforms.

35. Foreign private investment will be vital in the development of Central and Eastern Europe. Capital will flow to countries with open markets and hospitable investment climates. Improved access for their exports will also be important for those Central and Eastern European countries that are opening up their economies. Western Governments can support this process by various means, including trade and investment agreements. The recent decision by the Co-ordinating Committee for Multilateral Export Controls (COCOM) to liberalize export controls is a positive step.

36. We commend the work done by the Commission of the European Communities on the co-ordination by the Group of 24 (G-24) of assistance to Poland and Hungary inaugurated at the Summit of the Arch, which has made a significant contribution to helping these countries lay the foundation of self-sustaining growth based on market principles. We welcome the decision of the G-24 to enlarge the co-ordination of assistance to other emerging democracies in Central and Eastern Europe, including Yugoslavia.

37. We recognize that these countries face major problems in cleaning their environment. It will be important to assist the countries of Central and Eastern Europe to develop the necessary policies and infrastructures to confront those environmental problems.

38. We also welcome the recent initiatives in regional co-operation, e.g., in transport and the environment, that will make a positive contribution to economic progress and stability in the region.

39. We expect the new EBRD to play a key role in fostering investment in those countries and to contribute to orderly transitions toward market economies and a sound basis for democracy. We urge the rapid entry into force of the Bank.

40. The Center for Co-operation with European Economies in Transition at the OECD will encourage reforms and strengthen relations between these countries and the OECD, as will the OECD's follow up work from the CSCE Economic Conference in Bonn.

41. We invite the OECD to consider a closer relationship with those Central and East European countries that are committed to political and economic reform.

The Soviet Union

42. We discussed the situation in the Soviet Union, and exchanged views regarding the message that Soviet President Gorbachev sent us several days ago on his economic plans. We welcome the efforts underway in the Soviet Union to liberalize and to create a more open, democratic, and pluralistic Soviet society, and to move toward a market-oriented economy. These measures deserve our support. The success of *perestroika* depends upon the determined pursuit and development of these reform efforts. In particular, we welcome President Gorbachev's suggestion for a sustained economic dialogue.

43. We have all begun, individually and collectively, to assist these reform efforts. We all believe that technical assistance should be provided now to help the Soviet Union move to a market-oriented economy and to mobilize its own resources. Some countries are already in a position to extend large scale financial credits.

44. We also agreed that further Soviet decisions to introduce more radical steps toward a market-oriented economy, to shift resources substantially away from the military sector and to cut support to nations promoting regional conflict will all improve the prospect for meaningful and sustained economic assistance.

45. We have taken note of the decision of the European Council in Dublin on June 26. We have agreed to ask the IMF, the World Bank, the OECD and the designated president of the EBRD to undertake, in close consultation with the Commission of the European Communities, a detailed study of the Soviet economy, to make recommendations for its reform and to establish the criteria under which Western economic assistance could effectively support these reforms. This work should be completed by year's end and be convened by the IMF.

46. We took note of the importance to the Government of Japan of the peaceful resolution of its dispute with the Soviet Union over the Northern Territories.

47. The host Government will convey to the Soviet Union the results of the Houston Summit.

The Developing Nations

48. We reiterate that our commitments to the developing world will not be weakened by the support for reforming countries in Central and Eastern Europe. The poorest of the developing nations must remain the focus of special attention. The International Development Association replenishment of SDR 11.6 billion, agreed to last December, will provide needed resources for these countries, and marks the incorporation of environmental concerns into development lend-

ing. It is our intention to take a constructive part in the Paris Conference on the least developed countries in September.

49. The advanced industrial economies can make a number of major contributions to the long-run development of the developing countries. By sustaining economic growth and price stability, we can offer stable, growing markets and sources of capital for the developing world. By providing financial and technical support to developing countries undertaking genuine political and economic reform, we can reinforce their ongoing liberalization. The industrialized nations should continue to make efforts to enhance their development aid and other forms of assistance to the developing countries, including reinforcing the effectiveness of the aid.

50. In the developing world, there is a growing acceptance of the view that growth can be encouraged by a stable macro-economic framework, sectoral reform to provide more competition, and an opening of markets. Open, democratic, and accountable political systems are important ingredients in the effective and equitable operation of market-oriented economies.

51. Important contributions to a hospitable investment climate can be made by the protection of intellectual property, and by liberalization of investment régimes, including transparent and equitable investment rules, and equality of treatment for foreign and domestic investors.

52. The recent Enterprise for the Americas initiative announced by the U.S. President will support and encourage more market-oriented policies in Latin America and the Caribbean. We believe that such U.S. efforts hold great promise for the region and will help improve prospects for sustained growth in the Americas through the encouragement of trade, open investment régimes, the reduction of U.S. bilateral concessional debt and the use of debt for equity and nature swaps.

53. In a number of countries, sustainable development requires that population growth remains in some reasonable balance with expanding resources. Supporting the efforts of developing countries to maintain this balance is a priority. Improved educational opportunities for women and their greater integration into the economy can make important contributions to population stabilization programmes.

54. In the Mediterranean basin, the initiatives of economic integration, which are underway, deserve encouragement and support.

Third World Debt

55. Significant progress has been made during the past year under the strengthened debt strategy, which has renewed the resolve in a number of debtor coun-

tries to continue economic reforms essential to future growth. In particular, the recent commercial bank agreements with Chile, Costa Rica, Mexico, Morocco, the Philippines, and Venezuela involve significant debt and debt-service reduction. Important financial support for debt and debt-service reduction is being provided by the IMF and the World Bank, as well as by Japan. The Paris Club has agreed, in order to support medium term IMF-supported reform and financing programmes, to provide adequate restructuring agreements, notably through multiyear reschedulings and through lengthening of the repayment period. The combination of debtor reform efforts and commercial bank debt reduction has had a notable impact on confidence in debtor economies, as clearly demonstrated through flows of both new investment and the return of flight capital to Mexico, in particular.

56. These measures represent major innovations in the case by case debt strategy and are potentially available to all debtor nations with serious debt-servicing problems which are implementing economic adjustment policies.

57. The adoption by debtor nations of strong economic reform programmes with the IMF and World Bank remains at the heart of the debt strategy, and a prerequisite for debt and debt service reduction within commercial bank financing packages. It is vital that debtor countries adopt measures to mobilize savings and to encourage new investment flows and the repatriation of flight capital to help sustain their recovery. In this connection, the recent U.S. Enterprise for the Americas initiative to support investment reform and the environment in Latin America needs to be given careful consideration by Finance Ministers.

58. For countries implementing courageous reforms, commercial banks should take realistic and constructive approaches in their negotiations to conclude promptly agreements on financial packages including debt reduction, debt-service reduction and new money.

59. Creditor nations will continue to play an important role in this process through ongoing contributions to the international financial institutions, rescheduling of official debt in the Paris Club, and new finance. We encourage the Paris Club to continue reviewing additional options to address debt burdens. In the case of the lower middle-income countries implementing strong reform programmes, we encourage the Paris Club to lengthen the repayment period, taking account of the special situations of these countries. We welcome the decisions taken by France with respect to Sub-Saharan Africa and by Canada with respect to the Caribbean to alleviate the debt burden of the lower middle-income countries.

60. Creditor governments have also provided special support for the poorest

countries through the implementation of Toronto terms in Paris Club reschedulings. All of us have cancelled official development assistance (ODA) debt for the poorest countries. We encourage the Paris Club to review the implementation of the existing options that apply to the poorest countries.

61. We note and will study with interest the Craxi Report on debt commissioned by the UN Secretary General.

The Environment

62. One of our most important responsibilities is to pass on to future generations an environment whose health, beauty, and economic potential are not threatened. Environmental challenges such as climate change, ozone depletion, deforestation, marine pollution, and loss of biological diversity require closer and more effective international co-operation and concrete action. We as industrialized countries have an obligation to be leaders in meeting these challenges. We agree that, in the face of threats of irreversible environmental damage, lack of full scientific certainty is no excuse to postpone actions which are justified in their own right. We recognize that strong, growing, market-oriented economies provide the best means for successful environmental protection.

63. Climate change is of key importance. We are committed to undertake common efforts to limit emissions of greenhouse gases, such as carbon dioxide. We strongly support the work of the Intergovernmental Panel on Climate Change (IPCC) and look forward to the release of its full report in August. The Second World Climate Conference provides the opportunity for all countries to consider the adoption of strategies and measures for limiting or stabilizing greenhouse gas emissions, and to discuss an effective international response. We reiterate our support for the negotiation of a framework convention on climate change, under the auspices of the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). The convention should be completed by 1992. Work on appropriate implementing protocols should be undertaken as expeditiously as possible and should consider all sources and sinks.

64. We welcome the amendment of the Montreal Protocol to phase out the use of chlorofluorocarbons (CFCs) by the year 2000 and to extend coverage of the Protocol to other ozone depleting substances. The establishment of a financial mechanism to assist developing countries to tackle ozone depletion marks a new and positive step in co-operation between the developed and developing worlds. We applaud the announcement in London by some major developing countries, including India and China, that they intend to review their position on adherence to the Montreal Protocol and its amendments. We would

welcome their adherence as a crucial reinforcement of the effectiveness of the Protocol, which would ultimately lead to a worldwide phase out of ozone depleting substances. We urge all parties to ratify the amended Protocol as quickly as possible.

65. We acknowledge that enhanced levels of co-operation will be necessary with regard to the science and impacts of climate change and economic implications of possible response strategies. We recognize the importance of working together to develop new technologies and methods over the coming decades to complement energy conservation and other measures to reduce carbon dioxide and other greenhouse emissions. We support accelerated scientific and economic research and analysis on the dynamics and potential impact of climate change, and on potential responses of developed and developing countries.

66. We are determined to take action to increase forests, while protecting existing ones and recognizing the sovereign rights of all countries to make use of their natural resources. The destruction of tropical forests has reached alarming proportions. We welcome the commitment of the new Government of Brazil to help arrest this destruction and to provide sustainable forest management. We actively support this process, and we are ready for a new dialogue with developing countries on ways and means to support their efforts. We are ready to co-operate with the Government of Brazil on a comprehensive pilot programme to counteract the threat to tropical rain forests in that country. We ask the World Bank to prepare such a proposal, in close co-operation with the Commission of the European Communities, which should be presented at the latest at the next Economic Summit. We appeal to the other concerned countries to join us in this effort. Experience gained in this pilot programme should immediately be shared with other countries faced with tropical forest destruction. The Tropical Forestry Action Plan must be reformed and strengthened, placing more emphasis on forest conservation and protection of biological diversity. The International Tropical Timber Organization action plan must be enhanced to emphasize sustainable forest management and improve market operations.

67. We are ready to begin negotiations, in the appropriate fora, as expeditiously as possible on a global forest convention or agreement, which is needed to curb deforestation, protect biodiversity, stimulate positive forestry actions, and address threats to the world's forests. The convention or agreement should be completed as soon as possible, but no later than 1992. The work of the IPCC and others should be taken into accoount.

68. The destruction of ecologically sensitive areas around the world continues at an alarming pace. Loss of temperate and tropical forests, developmental pres-

sures on estuaries, wetlands and coral reefs, and destruction of biological diversity are symptomatic. To reverse this trend, we will expand co-operation to combat desertification; expand projects to conserve biological diversity; protect the Antarctic; and assist developing countries in their environmental efforts. We will work within UNEP and other fora to achieve these objectives, and will participate actively in UNEP's work to protect biodiversity.

69. Efforts to protect the environment do not stop at the water's edge. Serious problems are caused by marine pollution, both in the oceans and in coastal areas. A comprehensive strategy should be developed to address land-based sources of pollution; we are committed to helping in this regard. We will continue our efforts to avoid oil spills, urge the early entry into force of the existing International Maritime Organization (IMO) Convention, and welcome the work of that organization in developing an international oil spills convention. We are concerned about the impact of environmental degradation and unregulated fishing practices on living marine resources. We support co-operation in the conservation of living marine resources and recognize the importance of regional fisheries organizations in this respect. We call on all concerned countries to respect the conservation régimes.

70. To cope with energy-related environmental damage, priority must be given to improvements in energy efficiency and to the development of alternative energy sources. For the countries that make such a choice, nuclear energy will continue to be an important contributor to our energy supply and can play a significant role in reducing the growth of greenhouse gas emissions. Countries should continue efforts to ensure highest worldwide performance standards for nuclear and other energy in order to protect health and the environment, and ensure the highest safety.

71. Co-operation between developed and developing countries is essential to the resolution of global environmental problems. In this regard, the 1992 UN Conference on Environment and Development will be an important opportunity to develop widespread agreement on common action and co-ordinated plans. We note with interest the conclusions of the Siena Forum on International Law of the Environment and suggest that these should be considered by the 1992 UN Conference on Environment and Development.

72. We recognize that developing countries will benefit from increased financial and technological assistance to help them resolve environmental problems, which are aggravated by poverty and underdevelopment. Multilateral development bank programmes should be strengthened to provide greater protection for the environment, including environmental impact assessments and action

plans, and to promote energy efficiency. We recognize that debt-for-nature swaps can play a useful role in protecting the environment. We will examine how the World Bank can provide a co-ordinating role for measures to promote environmental protection.

73. In order to integrate successfully environmental and economic goals, decisionmakers in government and industry require the necessary tools. Expanded co-operative scientific and economic research and analysis on the environment is needed. We recognize the importance of co-ordinating and sharing the collection of satellite data on earth and its atmosphere. We welcome and encourage the ongoing discussions for the establishment of an International Network. It is also important to involve the private sector, which has a key role in developing solutions to environmental problems. We encourage the OECD to accelerate its very useful work on environment and the economy. Of particular importance are the early development of environmental indicators and the design of market-oriented approaches that can be used to achieve environmental objectives. We also welcome Canada's offer to host in 1991 an international conference on environmental information in the 21st century. We support voluntary environmental labelling as a useful market mechanism which satisfies consumer demand and producer requirements and promotes market innovation.

74. We note with satisfaction the successful launching of the Human Frontier Science Programme and express our hope that it will make positive contributions to the advancement of basic research in life science for the benefit of all mankind.

Narcotics

75. We urge all nations to accede to and complete ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention), and to apply provisionally terms of the Convention.

76. We welcome the conclusion of the UN Special Session on Drugs and urge the implementation of the measures contained in the Programme of Action it has adopted.

77. We support the declaration adopted at the ministerial meeting on drugs convened by the United Kingdom that drug demand reduction should be accorded the same importance in policy and action as the reduction of illicit supply. Developed countries should adopt stronger prevention efforts and assist demand reduction initiatives in other countries.

78. We endorse the report of the Financial Action Task Force (FATF) and commit our countries to a full implementation of all its recommendations with-

out delay. As agreed at the May meeting of Task Force Finance Ministers, the FATF should be reconvened for a second year, chaired by France, to assess and facilitate the implementation of these recommendations, and to complement them where appropriate. All OECD and financial centre countries that subscribe to the recommendations of the Task Force should be invited to participate in this exercise. The report of the new FATF would be completed before we next meet. We also invite all other countries to participate in the fight against money laundering and to implement the recommendations of the FATF.

79. Effective procedures should be adopted to ensure that precursor and essential chemicals are not diverted to manufacture illicit drugs. A task force similar to the FATF should be created for this purpose, composed of Summit participants and other countries that trade in these chemicals, with the involvement of representatives of the chemical industry. The task force should address the problems which concern cocaine, heroin and synthetic drugs and report within a year.

80. We support a strategy for attacking the cocaine trade as outlined in particular in the Cartagena Declaration. We recognize the importance of supporting all countries strongly engaged in the fight against drug trafficking, especially Colombia, Peru, and Bolivia, with economic, law enforcement, and other assistance and advice, recognizing the need to make contributions within the framework of actions against drug trafficking carried out by the producer countries.

81. The heroin problem is still the most serious threat in many countries, both developed and developing. All countries should take vigorous measures to combat the scourge of heroin.

82. We should support an informal narcotics consultative arrangement with developed countries active in international narcotics control. Such a group could strengthen efforts to reduce supply and demand, and improve international cooperation.

83. We welcome the current review of UN drug abuse control agencies and urge that it result in a more efficient structure.

Next Economic Summit

84. We have accepted the invitation of Prime Minister Thatcher to meet next July in London.

DOCUMENT 6

Canada and Asia Pacific in the 1990s
Notes for a Speech by
the Right Honourable Joe Clark
to the Victoria Chamber of Commerce, Victoria, B.C.
17 July, 1990

For the past year, the eyes of the world have been fixed on Europe. That fixation is easy to understand. The images are magnetic:

- the playwright Vaclav Havel, recently a prisoner, is now President of Czechoslovakia;
- an electrician from Gdansk triggered a political revolution in Poland;
- the Berlin Wall has crumbled before our very eyes;
- the Iron Curtain is in tatters.

Two years ago, a movie or a novel written with those images would have been dismissed as fantasy. They are not fantasy. They are history — and in a world so small and interconnected, they are our history.

What is compelling about these events in Europe is not their drama but their meaning. An era in history is over, and a new era beginning. A continent torn apart by ideology and military competition now has a chance to remake itself anew — whole, prosperous and free. A world once frozen by East-West rivalry is now being freed of that constraint. It is a world of new opportunity, but also of new challenges.

For decades, our preoccupation with a brittle peace in Europe has diverted our attention from other global problems — the threat to the environment; the crises of international development and debt; the growth of terrorism made more lethal by the proliferation of weapons of mass destruction; the sophistication and the tentacles of the international drug trade; and the persistence of explosive regional conflicts fuelled by zeal and fear. The preoccupation with Europe — ideologically and militarily — has kept these other priorities far too low on the global agenda.

That focus on Europe has also overshadowed developments of historic proportions taking place elsewhere in the world, most notably in Asia-Pacific.

While the countries of Europe and North America were building their armies and their arguments, the countries of the Pacific were creating an economic

miracle which knows no equal. Japan is on its way to becoming not only *an* economic superpower but probably *the* economic superpower of the next century. Already that country is the world's largest creditor nation. It has become the world's banker. In high-technology; in banking; in the automobile industry, which was once the flagship sector of the North-American economy: Japan is in the lead.

And it is not alone in Asia.

Korea's economy is developing at a rate faster than Japan's. On a per capita basis, Hong Kong may soon be richer than Great Britain; Singapore richer than Italy. Taiwan alone has reserves of $70 billion (U.S.). Thailand and Malaysia are moving from annual economic growth rates of 7 per cent to over 10 per cent, defying those economists who predicted that growth would flatten with increased wealth.

Since 1970, Asia's share of global output has doubled. Since 1970 trade within the region has grown ten-fold. By the end of the century, the Pacific may well contain 60 per cent of humanity, 40 per cent of global consumption and an even larger share of global production.

There is no disputing the basic fact: the centre of global economic activity is shifting towards the Pacific, and it is shifting fast.

That is of particular significance to Canada, and to our future prosperity as a nation of traders. In 1983, Canada traded more across the Pacific than we did across the Atlantic. We still do trade — and we will as far into the future as we can see. British Columbia now trades more across the Pacific than it does with the United States. And Canada as a whole relies more on our economic relation with Japan and the four Tigers than does *any other* member of the 24 nation OECD. We depend on the Pacific more than the United States does — more than Australia does.

The bottom line for the world is that Asia is now one of the major engines of the global economy. The bottom line for Canada is that our fate as a prosperous society is now inextricably linked to that of the Asia-Pacific region.

That's economics.

Our ties to the Pacific go well beyond trade and investment. Over half of our immigrants now come from Asia. Canada has taken over 100 000 refugees from Indochina. The last war in which large numbers of Canadians lost their lives was not in Europe but in Korea. Much of our peacekeeping experience was acquired in Asia. A major portion of the drugs on our streets comes from that continent. And the pollution which rings the globe and knows no borders is in part of Asian origin.

The problems of the Pacific are not just Pacific problems; they are also Canadian. Prosperity in the Pacific is prosperity for Canada. And security in the Pacific is Canadian security.

I started by noting the revolution sweeping Europe. That revolution offers lessons, opportunities and challenges for the Asia-Pacific region.

One lesson is that, in the long run, economic prosperity and political liberty are linked. The rejection of communism by the peoples of Eastern Europe was not an ideologic decision. They rejected communism because it did not work. Moreover, they have chosen to pursue both democracy and the open market because they know that neither can be secured without the other.

This triumph of the values of democracy and the open market has roots as well as resonance in Asia. The reforms which are blooming now in Central and Eastern Europe showed their first buds in China. At a time when they were still shunned in their own land, the economists who had designed the brave reforms of the 1968 Prague Spring were teaching and toasted in China, sponsored by the Chinese government.

And the lessons of Central and Eastern Europe cannot be lost on the China and the Asia of today. The events of Tienanmen Square brought a bloody halt to the march towards democracy in China. But that was one battle in a long struggle. In time, that struggle will be won. And the lessons of Eastern Europe — that prosperity and freedom go hand in hand — will be learned and acted upon — in China and in other countries where democracy has yet to spread.

But the events in Europe have other implications for Asia. If the Cold War is over in Europe, the same cannot be said for Asia, where the signs are mixed. The Soviet Union has reduced its standing army and its nuclear missiles in the Asian region. It has withdrawn from Afghanistan. It has pulled out of Cam Ranh Bay in Vietnam. At Soviet prodding, Vietnam has withdrawn its forces from Cambodia. But Soviet Far-East forces, particularly its growing navy, remain far in excess of what is needed for a prudent national defence. Doubts persist in Japan and elsewhere as to whether Mr Gorbachev's peace offensive applies to Asia as well as Europe.

The Cold War in Asia owes much of its origins to the Cold War in Europe. But it also has a life of its own. It would be a tragedy if resolving the tensions in Europe which have brought so much bloodshed to Asia does not also lead to accommodation in Asia.

However, winding down the Cold War in Asia may not mean the end of conflict; indeed, in some cases, it may intensify conflict. Superpower tensions are usually seen as making conflict more likely. But they have also acted at times

to limit conflict through constraining individual countries and régimes. The challenge is more complex than simply reducing Superpower tensions.

Thus the Korean stand-off remains one of the most dangerous zones of confrontation in the world. Its resolution depends on the régime in Pyongyang accepting that aggression will never succeed. Until that occurs, the Korean situation will continue to threaten regional — and indeed global — peace.

Equally, in Cambodia, once an innocent victim of the Superpowers, a terrible conflict persists which is increasingly local in nature. The legacy of past bloodshed lives on in unreconciled ideologies and ethnic hatred in which today only Cambodians are the casualties.

In the Philippines, we see another orphan of the ideological battles of the past. For decades throughout the region, local communist parties and guerillas — with the help of Moscow and Peking — sought to topple the governments of Thailand, Malaysia, Singapore and the Philippines. Only in the Philippines, does this legacy persist, but its persistence is troubling not only for the government there, but also for regional stability.

And elsewhere — in Kashmir, along the Sino-Vietnamese border and in the Khmer-Vietnamese rivalry — we see old antagonisms and ideologies which persist despite the relaxation of the Cold War.

So the events in Europe find their reflection in Asia in reduced superpower tension and involvement. But the reduction in tension has been less complete, and that reduction has not acted to eliminate those conflicts which always have been — or have become — local in nature. There is a specific set of Asian security concerns which have gone unaddressed and which, if not managed, can threaten regional and indeed global peace.

This is where there has been a remarkable difference between the structure of security in the Pacific region and the structure of security involving North America, the USSR and Europe. During the Cold War, a web of military alliances and institutions for economic co-operation acted to co-ordinate State behaviour and to limit conflict. And now in the post Cold War period, a new set of institutions is emerging, in the form of transforming Alliances, an enlarged and unified European Community and an institutionalized CSCE process.

The Asian equivalents of these organizations do not exist. There is no NATO, no Warsaw Pact, no CSCE. There are no regional institutions where leaders and officials can meet regularly to exchange views and construct new understandings. The one exception is ASEAN, a regional organization which Canada values. However, ASEAN can only fill part of the vacuum we see because of its limited membership.

In our view, this difference is not simply a difference between regions. It is also a shortcoming. If there is one lesson which recent decades demonstrate, it is that economic prosperity cannot long endure without a structure of institutional relationships and stable security, just as security is shortlived if it is not accompanied by economic strength and social justice.

That security, that prosperity, that justice will best arise by nations regularly talking together, working together. No matter what the issue, the beginning of any process towards peace is conversation. Conversation which does not necessarily accept that the other side is right, simply that the other side has a legitimate viewpoint. It is an acceptance of the reality that on most issues there can be only winners — or only losers.

That kind of dialogue, and the development of the practice of working together are remarkable by their absence in Asia today. Dialogue is needed between India and Pakistan. It is needed among the four Cambodian factions. It is needed between the two Koreas. It is needed between Vietnam and China. It is needed between Japan and the Soviet Union. And it is needed among all the players in the region.

The time has come to develop institutions of dialogue in the Pacific to match the maturity and prosperity of those societies and those economies. Canada believes that one place to begin is among the countries bordering the North Pacific. That would include the United States and the Soviet Union, the two Koreas, Japan, China and Canada. At the outset, such a new security dialogue need not involve fixed agendas or require that all issues be discussed. The priority should be to develop the habit of an open and free discussion. That process would identify the issues on which North Pacific nations could make progress together.

A North-Pacific security co-operation dialogue is long overdue. Security problems are a singular threat to continued economic growth. They are a chief cause of refugee movements and could easily derail democratic reforms throughout Asia. Persistent security problems perpetuate distrust, propel arms races, prompt questionable nuclear programs and involve a massive hemorrhaging of resources. The absence of structures to manage these problems is in direct contrast to the intense economic activity in the region, and a direct threat to the future of that economic activity.

We might consider a Pacific adaptation of the Conference on Security and Co-operation in Europe. One area for initial exploration may be the so-called 'confidence and security-building measures', which contributed so much to the transformation of Europe since the Helsinki Conference.

Throughout the 1980s, the Soviet Union made numerous proposals in this area. Most were either propaganda or a search for unilateral strategic advantage. But given the transformation in East-West relations, perhaps it is time to return to the charge, to identify those proposals that have serious merit and to make serious counter-proposals.

Such measures could include information exchanges, military manoeuvre notification and Open-Skies régimes. And if the dialogue on conventional forces in Europe develops into a dialogue on naval forces, the Pacific ocean is an obvious locus of concern and action.

I have emphasized the linkage which exists between economic security and military security. But there are also issues in the economic field alone which need more regular discussion and co-operation, within some kind of institutional framework.

It is a truism today that the prosperity of every state depends on trade. For trade to grow, there must be predictability. There must be a sense that rules exist and that these rules will be honoured, in their spirit as well as their letter.

Unfortunately, in the Asia-Pacific region, some of the countries who profit from open markets in North America keep trade barriers at home. There are strong local pressures to protect local interests and industries. We understand why this happens. But we do not accept a situation that lets exports out of these countries move more freely than imports into them. That is why Canada has placed such great emphasis on success in the Uruguay Round of trade negotiations. We are looking for change not just in traditional tariffs and quotas, but also respecting new issues such as investment, trade in services and an improved system to settle disputes.

The Uruguay Round is important for other reasons as well. The Asian dynamo, the new free-trade area in North America and the integrating and expanding European market together present the possibility — and danger — of trading blocs. Groupings which may erase barriers within blocs but raise barriers between blocs. If such a system is allowed to develop — untempered by a strong set of open, global trade rules — the destructive and fruitless beggar-thy-neighbour policies, which we have experienced with *states* in the past, will simply be replaced by similar policies between *regions*. Not only does this not make economic sense, it also presents the prospect of trade wars spilling over into political and security areas.

That is why the Uruguay Round of world trade negotiations must succeed.

However, it is also clear that the economic relation between North America and the Pacific poses special challenges which may well require solutions which

go beyond the universal structures we are trying to build through the Uruguay Round.

One particular problem is the massive trade imbalance between the United States and Japan. One can argue indefinitely — and unproductively — about who is more to blame for that trade imbalance. But the point is that it exists, that it poses real dangers to the world trading system and that it may pose a threat, indirectly, to regional security. One telling fact alone gives cause for concern: recent polls show that the American people consider Japan to be a greater threat to U.S. security than the Soviet Union.

Japan and the United States have decided to tackle their trade problems bilaterally. We are pleased that just two weeks ago, they announced the conclusion of their Structural Impediments Initiative. That initiative was based on the recognition that there are peculiar problems based in national systems, cultural habits and internal practices which are not normally addressed through multilateral trade negotiations. We hope this approach succeeds. But bilateral deals can pose risks for countries not at the table; particularly for a country as open and dependent on trade as Canada. We have made it clear to both the Japanese and the Americans that their process should not create new problems for Canada. Their initiative should solve trade problems not transfer them, and we are confident both these nations understand our concerns, and share them.

It is Canada's strong view that the most solid basis for a lasting solution to trans-Pacific trade problems is an open, stable and free trading environment, a trading environment regulated by clear rules, fairly applied and comprehensively observed.

I am sure our trading partners share this view. That is why one of the clearest messages coming out of the first ministerial meeting of the Asia-Pacific Economic Co-operation Forum in Canberra last November was a ringing endorsement of the need for a successful Uruguay Round.

A regional grouping such as that forum should not be a threat to the global trading system. It was created, and should grow, because it offers a new opportunity — which has not existed before — to manage the challenges created by the region's economic dynamism and to *anticipate* threats to regional prosperity before they become crises.

The Pacific region needs a forum where trade and economic problems between the countries of the region and their Pacific Rim partners in North America can be addressed. And such a forum provides the potential for dialogue on other international issues, issues which can only benefit from discussion and an exchange of perspectives. That is why both John Crosbie and I

are planning to attend the second Ministerial Meeting of the Asia Pacific Economic Co-operation Forum in Singapore two weeks from now. And that is why John Crosbie will host a special meeting of Trade Ministers from these countries, focusing on the Uruguay Round, in Vancouver this September.

At the moment, this economic co-operation Forum includes Canada, United States, Japan, Korea, Australia, New Zealand and the six ASEAN countries. It is our belief that if the Forum is to reach its full potential, it must expand to include the other key economies of the region — particularly Hong Kong, Taiwan and China. The sooner such expansion occurs, the better.

I have talked about the requirements for a Pacific security dialogue and the requirement for a Pacific economic dialogue. In so doing, I have drawn on some lessons from the European experience, some comparisons and some challenges which that experience presents to the region. But the Pacific region itself offers some lessons for the rest of us.

The first relates to Asia's tremendous economic growth. East Asias have been practising for decades the open market philosophy that others have been preaching. East Asians work hard, they save, they invest and they market aggressively. They are innovative. They are inventive. Their governments promote industrialization not through centralized five-year plans but through constant dialogue among all partners in society. There is a unique national consensus on the management of change, on responding to external challenges and on reaching common goals. All sectors of society contribute together — business, labour and government. And they contribute across the board, beyond the factory to educational systems and research and development activities.

We should not be surprised that what we have been saying for centuries works when those words become deeds. Asia's energies and Asia's accomplishments provide many lessons for us all to learn. And they are a model for Eastern Europe, for Africa and for Latin America. These countries were once poor. They have been ravaged by war, some very recently. Their accomplishments are dramatic.

A Canadian approach to the Pacific should reflect the successes of societies in that region. This is a matter too important to be left to governments alone. The contribution of industry and individuals is key. I know some of you have been active in the Pacific Economic Co-operation Conference, in the work of the Pacific Basin Economic Council and in the many bilateral business associations which have been formed with our trans-Pacific partners. The Government looks forward to — and depends upon — your continued commitment.

There is a second point to be made. Our preoccupation with Europe has focused on building a fabric of common security between the Soviet Union,

the countries of Western, Central and Eastern Europe, and the North American continent. In one sense, we are replacing a partial peace in Europe with a peace which is whole. And we are building a new framework for European prosperity. But in another sense, that European peace and prosperity will still be partial if we are not able to benefit from bringing Asia into the new Europe now being built. This relates not only to the danger of regional blocs I noted earlier. It also relates to the extraordinary talents and resources which Pacific nations can bring to the tasks of economic reconstruction and trade expansion. We have before us the opportunity to create not simply a new Europe, but a region of security and prosperity which circles the globe.

To say that Canada is a Pacific nation is not to report a geographic fact. It is to assert a common interest. It is to declare a future. It is to commit to a course of action. And it is to assert unique advantages, advantages which come from our considerable trade, our human links, our experience in peackeeping, our status as provider of one of the best aid programmes in the region and our reputation as a stable, reliable and major player even though we are not a Superpower.

Communities of nations, like communities of individuals, are more than just an aggregate sum of transactions. Communities reflect common values. They behave in certain ways. They engage in dialogue. They seek mutual advantage and avoid unilateral gain. And in so doing, they build an organic fabric of peace and prosperity which can withstand pressure and which therefore endures.

For decades, Canada has been preoccupied with building an Atlantic Community of nations. That community has been built. It has served us well. And it will continue to be of lasting value into the future. Now is the time to turn to the task of giving structure and strength to a new community, a Pacific Community, a community which is Pacific not only in its geography but in its behaviour, a community which advances Canada's interests, preserves our peace and promotes our prosperity.

That is a central task for the future foreign policy of this country. And with the help of all Canadians, we intend to pursue it with vigour and with imagination.

DOCUMENT 9

The Iraqi Invasion of Kuwait
United Nations Security Council Resolutions
660, 661, 662, 664, 665*
2-25 August 1990

Members of the United Nations Security Council

Permanent Members
China, France, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America

Non-Permanent Members
Expiring 31 December 1990: Canada, Colombia, Ethiopia, Finland, Malaysia
Expiring 31 December 1991: Côte d'Ivoire, Cuba, Romania, Yemen, Zaire

Resolution 660 (1990)
Adopted by the Security Council at its 2932nd meeting on 2 August 1990

The Security Council

Alarmed by the invasion of Kuwait on 2 August 1990 by the military forces of Iraq,

Determining that there exists a breach of international peace and security as regards the Iraqi invasion of Kuwait,

Acting under Articles 39 and 40 of the Charter of the United Nations,

1. *Condemns* the Iraqi invasion of Kuwait;
2. *Demands* that Iraq withdraw immediately and unconditionally all its forces to the positions in which they were located on 1 August 1990:
3. *Calls upon* Iraq and Kuwait to begin immediately intensive negotiations for the resolution of their differences and supports all efforts in this regard, and especially those of the League of Arab States;
4. *Decides* to meet again as necessary to consider further steps to ensure compliance with the present resolution.

Vote: 14 yes; 0 no; 0 abstention (Yemen did not participate in the vote).

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* Resolution 663 was not concerned with the Iraqi invasion of Kuwait.

Resolution 661 (1990)

Adopted by the Security Council at its 2933rd meeting on 6 August 1990

The Security Council,

Reaffirming its resolution 660 (1990) of 2 August 1990,

Deeply concerned that that resolution has not been implemented and that the invasion by Iraq of Kuwait continues with further loss of human life and material destruction,

Determined to bring the invasion and occupation of Kuwait by Iraq to an end and to restore the sovereignty, independence and territorial integrity of Kuwait,

Noting that the legitimate Government of Kuwait has expressed its readiness to comply with resolution 660 (1990).

Mindful of its responsibilities under the Charter of the United Nations for the maintenance of international peace and security,

Affirming the inherent right of individual or collective self-defence, in response to the armed attack by Iraq against Kuwait, in accordance with Article 51 of the Charter,

Acting under Chapter VII of the Charter of the United Nations,

1. *Determines* that Iraq so far has failed to comply with paragraph 2 of resolution 660 (1990) and has usurped the authority of the legitimate Government of Kuwait;

2. *Decides*, as a consequence, to take the following measures to secure compliance of Iraq with paragraph 2 of resolution 660 (1990) and to restore the authority of the legitimate Government of Kuwait;

3. *Decides* that all States shall prevent:

(a) The import into their territories of all commodities and products originating in Iraq or Kuwait exported therefrom after the date of the present resolution;

(b) Any activities by their nationals or in their territories which would promote or are calculated to promote the export or trans-shipment of any commodities or products from Iraq or Kuwait; and any dealings by their nationals or their flag vessels or in their territories in any commodities or products originating in Iraq or Kuwait and exported therefrom after the date of the present resolution, including in particular any transfer of funds to Iraq or Kuwait for the purposes of such activities or dealings;

(c) The sale or supply by their nationals or from their territories or using their flag vessels of any commodities or products, including weapons or any other military equipment, whether or not originating in their territories but not including supplies intended strictly for medical purposes, and, in humanitarian circum-

stances, foodstuffs, to any person or body in Iraq or Kuwait or to any person or body for the purposes of any business carried on in or operated from Iraq or Kuwait, and any activities by their nationals or in their territories which promote or are calculated to promote such sale or supply of such commodities or products:

4. *Decides* that all States shall not make available to the Government of Iraq or to any commercial, industrial or public utility undertaking in Iraq or Kuwait, any funds or any other financial or economic resources and shall prevent their nationals and any persons within their territories from removing from their territories or otherwise making available to that Government or to any such undertaking any such funds or resources and from remitting any other funds to persons or bodies within Iraq or Kuwait, except payments exclusively for strictly medical or humanitarian purposes and, in humanitarian circumstances, foodstuffs;

5. *Calls upon* all States, including States non-members of the United Nations, to act strictly in accordance with the provisions of the present resolution notwithstanding any contract entered into or licence granted before the date of the present resolution;

6. *Decides* to establish, in accordance with rule 28 of the provisional rules of procedure of the Security Council, a Committee of the Security Council consisting of all the members of the Council, to undertake the following tasks and to report on its work to the Council with its observations and recommendations:

(a) To examine the reports on the progress of the implementation of the present resolution which will be submitted by the Secretary-General;

(b) To seek from all States further information regarding the action taken by them concerning the effective implementation of the provisions laid down in the present resolution;

7. *Calls upon* all States to co-operate fully with the Committee in the fulfilment of its task, including supplying such information as may be sought by the Committee in pursuance of the present resolution;

8. *Requests* the Secretary-General to provide all necessary assistance to the Committee and to make the necessary arrangements in the Secretariat for the purpose;

9. *Decides* that, notwithstanding paragraphs 4 through 8 above, nothing in the present resolution shall prohibit assistance to the legitimate Government of Kuwait, and *calls upon* all States:

(a) To take appropriate measures to protect assets of the legitimate Government of Kuwait and its agencies;

(b) Not to recognize any régime set up by the occupying Power;

10. *Requests* the Secretary-General to report to the Council on the progress of the implementation of the present resolution, the first report to be submitted within thirty days;
11. *Decides* to keep this item on its agenda and to continue its efforts to put an early end to the invasion by Iraq.

Vote: 13 yes; 0 no; 2 abstentions (Cuba, Yemen).

Resolution 662 (1990)
Adopted by the Security Council at its 2934th meeting on 9 August 1990

The Security Council,

Recalling its resolutions 660 (1990) and 661 (1990),

Gravely alarmed by the declaration by Iraq of a 'comprehensive and eternal merger' with Kuwait,

Demanding, once again, that Iraq withdraw immediately and unconditionally all its forces to the positions in which they were located on 1 August 1990,

Determined to bring the occupation of Kuwait by Iraq to an end and to restore the sovereignty, independence and territorial integrity of Kuwait,

Determined also to restore the authority of the legitimate Government of Kuwait,

1. *Decides* that annexation of Kuwait by Iraq under any form and whatever pretext has no legal validity, and is considered null and void;
2. *Calls upon* all States, international organizations and specialized agencies not to recognize that annexation, and to refrain from any action or dealing that might be interpreted as an indirect recognition of the annexation;
3. *Further demands* that Iraq rescind its actions purporting to annex Kuwait;
4. *Decides* to keep this item on its agenda and to continue its efforts to put an early end to the occupation.
3. *Requests* all States to provide in accordance with the Charter such assistance as may be required by the States referred to in paragraph 1 of this resolution;
4. *Further requests* the States concerned to co-ordinate their actions in pursuit of the above paragraphs of this resolution using as appropriate mechanisms of the Military Staff Committee and after consultation with the Secretary-General to submit reports to the Security Council and its Committee established under resolution 661 (1990) to facilitate the monitoring of the implementation of this resolution;

5. *Decides* to remain actively seized of the matter.

Vote: 15 yes.

Resolution 664 (1990)

Adopted by the Security Council at its 2937th meeting on 18 August 1990

The Security Council,

Recalling the Iraqi invasion and purported annexation of Kuwait and resolutions 660, 661 and 662,

Deeply concerned for the safety and well being of third state nationals in Iraq and Kuwait,

Recalling the obligations of Iraq in this regard under international law,

Welcoming the efforts of the Secretary-General to pursue urgent consultations with the Government of Iraq following the concern and anxiety expressed by the members of the Council on 17 August 1990,

Acting under Chapter VII of the United Nations Charter:

1. *Demands* that Iraq permit and facilitate the immediate departure from Kuwait and Iraq of the nationals of third countries and grant immediate and continuing access of consular officials to such nationals;

2. *Further demands* that Iraq take no action to jeopardize the safety, security or health of such nationals;

3. *Reaffirms* its decision in resolution 662 (1990) that annexation of Kuwait by Iraq is null and void, and therefore demands that the government of Iraq rescind its orders for the closure of diplomatic and consular missions in Kuwait and the withdrawal of the immunity of their personnel, and refrain from any such actions in the future;

4. *Requests* the Secretary-General to report to the Council on compliance with this resolution at the earliest possible time.

Vote: 15 yes.

Resolution 665 (1990)

Adopted by the Security Council at its 2938th meeting on 25 August 1990

The Security Council,

Recalling its resolutions 660 (1990), 661 (1990), 662 (1990) and 664 (1990) and demanding their full and immediate implementation,

Having decided in resolution 661 (1990) to impose economic sanctions under Chapter VII of the Charter of the United Nations,

Determined to bring an end to the occupation of Kuwait by Iraq which imperils the existence of a Member State and to restore the legitimate authority, and the sovereignty, independence and territorial integrity of Kuwait which requires the speedy implementation of the above resolutions,

Deploring the loss of innocent life stemming from the Iraqi invasion of Kuwait and determined to prevent further such losses,

Gravely alarmed that Iraq continues to refuse to comply with resolutions 660 (1990), 661 (1990), 662 (1990) and 664 (1990) and in particular at the conduct of the Government of Iraq in using Iraqi flag vessels to export oil,

1. *Calls upon* those Member States co-operating with the Government of Kuwait which are deploying maritime forces to the area to use such measures commensurate to the specific circumstances as may be necessary under the authority of the Security Council to halt all inward and outward maritime shipping in order to inspect and verify their cargoes and destinations and to ensure strict implementation of the provisions related to such shipping laid down in resolution 661 (1990);

2. *Invites* Member States accordingly to co-operate as may be necessary to ensure compliance with the provisions of resolution 661 (1990) with maximum use of political and diplomatic measures, in accordance with paragraph 1 above;

3. *Requests* all States to provide in accordance with the Charter such assistance as may be required by the States referred to in paragraph 1 of this resolution;

4. *Further requests* the States concerned to co-ordinate their actions in pursuit of the above paragraphs of this resolution using as appropriate mechanisms of the Military Staff Committee and after consultation with the Secretary-General to submit reports to the Security Council and its Committee established under resolution 661 (1990) to facilitate the monitoring of the implementation of this resolution;

5. *Decides* to remain actively seized of the matter.

Vote: 13 yes; 0 no; 2 abstentions (Cuba, Yemen).

DOCUMENT 10

Canada Commits Military Forces to Gulf
Speaking Notes for
Prime Minister Brian Mulroney
Press Conference, National Press Theatre
10 August 1990

The situation in the Persian Gulf and on the Arabian Peninsula remains grave. Iraq, a UN member country, has violated the United Nations Charter and brutally attacked, without provocation, its smaller neighbour Kuwait. Canada, as a founding member of the United Nations, devoted to the rule of law, must play its part in the multinational effort to end Iraqi aggression.

Earlier this week, Canada co-sponsored UN resolution 661 mandating the economic isolation of Iraq. In compliance with that resolution, Canada has suspended trade and economic relations with Iraq.

Yesterday, Canada as a member of the UN Security Council, joined in the Council's unanimous vote rejecting Iraq's illegal claim to have annexed Kuwait. Iraq has massed troops along the borders with Saudi Arabia and has uttered threats against other UN member countries. By its actions and statements, Iraq has flagrantly violated international law and offended against the most basic values of civilized people everywhere.

The international community must do everything possible to ensure the respect of international law and to prevent its transgression. The lessons of history are clear: turning a blind eye to aggression only encourages further aggression. No civilized nation is excused from its broader responsibilities to the world community for international peace and order. If a clear warning is not sent to Iraq now, it will only be emboldened to find new victims.

At the request of the Government of Kuwait and the Government of Saudi Arabia, the Government of the United States of America has initiated a multinational military effort to deter Iraqi aggression. The Government of Canada has decided, therefore, to dispatch three ships of the Canadian Forces to the Persian Gulf. Our naval forces, in company with those of other nations, will assist in the deterrence of further aggression. The destroyers H.M.C.S. *Athabaskan* and *Terra Nova* and the supply ship H.M.C.S. *Protecteur*, with a total complement of 800 crew members, will join with naval vessels from Saudi Arabia, the United Kingdom, Australia, France, the United States and other countries already operating in, or destined for, that region.

The ships will leave as soon as possible and will be on location in the region by mid-September. Once the ships have arrived in the region, an Order-in-Council will be passed, placing the forces concerned on active service for the purposes of the mission. Subsequently, in keeping with tradition, this Order-in-Council will be tabled in the House of Commons enabling Parliament to consider the situation.

The decision to dispatch the three ships was taken in light of consultations in Brussels, today, by the Secretary of State for External Affairs, Mr Clark, with other NATO members on the continuing crisis in the Gulf region and on the most appropriate response of member countries.

Canada is not a Superpower. We do not have the might and the reach of some others. Canada is, however, capable of making a contribution to the containment of aggression and to the defence of the integrity of nations, as we have done effectively throughout our history.

DOCUMENT 11

Treaty on the Final Settlement with Respect to Germany Signed in Moscow, 12 September 1990

The Federal Republic of Germany, the German Democratic Republic, the French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America,

Conscious of the fact that their peoples have been living together in peace since 1945;

Mindful of the recent historic changes in Europe which make it possible to overcome the division of the continent;

Having regard to the rights and responsibilities of the Four Powers relating to Berlin and to Germany as a whole, and the corresponding wartime and post-war agreements and decisions of the Four Powers;

Resolved in accordance with their obligations under the Charter of the United Nations to develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

Recalling the principles of the Final Act of the Conference on Security and Co-operation in Europe, signed in Helsinki;

Recognizing that those principles have laid firm foundations for the establishment of a just and lasting peaceful order in Europe;

Determined to take account of everyone's security interests;

Convinced of the need finally to overcome antagonism and to develop co-operation in Europe;

Confirming their readiness to reinforce security, in particular by adopting effective arms control, disarmament and confidence-building measures; their willingness not to regard each other as adversaries but to work for a relationship of trust and co-operation; and accordingly their readiness to consider positively setting up appropriate institutional arrangements within the framework of the Conference on Security and Co-operation in Europe;

Welcoming the fact that the German people, freely exercising their right of self-determination, have expressed their will to bring about the unity of Germany as a state so that they will be able to serve the peace of the world as an equal and sovereign partner in a united Europe;

Convinced that the unification of Germany as a state with definitive borders is a significant contribution to peace and stability in Europe;

Intending to conclude the final settlement with respect to Germany;

Recognizing that thereby, and with the unification of Germany as a democratic and peaceful state, the rights and responsibilities of the Four Powers relating to Berlin and to Germany as a whole lose their function;

Represented by their ministers for foreign affairs who, in accordance with the Ottawa Declaration of 13 February 1990, met in Bonn on 5 May 1990, in Berlin on 22 June 1990, in Paris on 17 July 1990 with the participation of the minister for foreign affairs of the Republic of Poland, and in Moscow on 12 September 1990;

Have agreed as follows:

Article 1

(1) The United Germany shall comprise the territory of the Federal Republic of Germany, the German Democratic Republic and the whole of Berlin. Its external borders shall be the borders of the Federal Republic of Germany and the German Democratic Republic and shall be definitive from the date on which the present treaty comes into force. The confirmation of the definitive nature of the borders of the United Germany is an essential element of the peaceful order in Europe.

(2) The united Germany and the Republic of Poland shall confirm the existing border between them in a treaty that is binding under international law.
(3) The united Germany has no territorial claims whatsoever against other states and shall not assert any in the future.
(4) The governments of the Federal Republic of Germany and the German Democratic Republic shall ensure that the constitution of the united Germany does not contain any provision incompatible with these principles. This applies accordingly to the provisions laid down in the Preamble, the second sentence of Article 23, and Article 145 of the basic law for the Federal Republic of Germany.
(5) The governments of the French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America take formal note of the corresponding commitments and declarations by the governments of the Federal Republic of Germany and the German Democratic Republic and declare that their implementation will confirm the definitive nature of the united Germany's borders.

Article 2

The governments of the Federal Republic of Germany and the German Democratic Republic reaffirm their declarations that only peace will emanate from German soil. According to the Constitution of the united Germany, acts tending to and undertaken with the intent to disturb the peaceful relations between nations, especially to prepare for aggressive war, are unconstitutional and a punishable offence. The governments of the Federal Republic of Germany and the German Democratic Republic declare that the united Germany will never employ any of its weapons except in accordance with its constitution and the Charter of the United Nations.

Article 3

(1) The governments of the Federal Republic of Germany and the German Democratic Republic reaffirm their renunciation of the manufacture and possession of and control over nuclear, biological and chemical weapons. They declare that the united Germany, too, will abide by these commitments. In particular, rights and obligations arising from the Treaty on the Non-proliferation of Nuclear Weapons of 1 July 1963 will continue to apply to the united Germany.
(2) The government of the Federal Republic of Germany, acting in full agreement with the government of the German Democratic Republic, made the following statement on 15 August 1989 in Vienna at the negotiations on

conventional armed forces in Europe: 'The government of the Federal Republic of Germany undertakes to reduce the personnel strength of the armed forces of the united Germany to 370 000 (ground, air and naval forces) within three to four years. This reduction will commence on the entry into force of the first CFE agreement. Within the scope of this overall ceiling no more than 345 000 will belong to the ground and air forces which, pursuant to the agreed mandate, alone are the subject of the negotiations on conventional armed forces in Europe. The Federal Government regards its commitment to reduce ground and air forces as a significant German contribution to the reduction of conventional armed forces in Europe. It assumes that in follow-on negotiations the other participants in the negotiations, too, will render their contribution to enhancing security and stability in Europe, including measures to limit personnel strengths.' The government of the German Democratic Republic has expressly associated itself with this statement.

(3) The governments of the French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America take note of these statements by the governments of the Federal Republic of Germany and the German Democratic Republic.

Article 4

(1) The governments of the Federal Republic of Germany, the German Democratic Republic and the Union of Soviet Socialist Republics state that the united Germany and the Union of Soviet Socialist Republics will settle by treaty the conditions for and the duration of the presence of Soviet armed forces on the territory of the present German Democratic Republic and of Berlin, as well as the conduct of the withdrawal of these armed forces which will be completed by the end of 1994, in connection with the implementation of the undertaking of the Federal Republic of Germany and the German Democratic Republic referred to in paragraph 2 of Article 3 of the present treaty.

(2) The governments of the French Republic, the United Kingdom of Great Britain and Northern Ireland and the United States of America take note of this statement.

Article 5

(1) Until the completion of the withdrawal of the Soviet armed forces from the territory of the present German Democratic Republic and of Berlin in accordance with Article 4 of the present treaty, only German territorial defence units which are not integrated into the alliance structures to which German armed

forces in the rest of German territory are assigned will be stationed in that territory as armed forces of the united Germany. During that period and subject to the provisions of paragraph 2 of this article, armed forces of other states will not be stationed in that territory or carry out any other military activity there.
(2) For the duration of the presence of Soviet armed forces in the territory of the present German Democratic Republic and of Berlin, armed forces of the French Republic, the United Kingdom of Great Britain and Northern Ireland and the United States of America will, upon German request, remain stationed in Berlin by agreement to this effect between the government of the united Germany and the governments of the states concerned. The number of troops and the amount of equipment of all non-German armed forces stationed in Berlin will not be greater than at the time of signature of the present treaty. New categories of weapons will not be introduced there by non-German armed forces. The government of the united Germany will conclude with the governments of those states which have armed forces stationed in Berlin treaties with conditions which are fair taking account of the relations existing with the states concerned.
(3) Following the completion of the withdrawal of the Soviet armed forces from the territory of the present German Democratic Republic and of Berlin, units of German armed forces assigned to military alliance structures in the same way as those in the rest of German territory may also be stationed in that part of Germany, but without nuclear weapon carriers. This does not apply to conventional weapon systems which may have other capabilities in addition to conventional ones but which in that part of Germany are equipped for a conventional role and designated only for such. Foreign armed forces and nuclear weapons or their carriers will not be stationed in that part of Germany or deployed there.

Article 6
The right of the United Germany to belong to alliances, with all the rights and responsibilities arising therefrom, shall not be affected by the present treaty.

Article 7
(1) The French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America hereby terminate their rights and responsibilities relating to Berlin and to Germany as a whole. As a result, the corresponding, related quadripartite agreements, decisions and practices are terminated and all related Four Power institutions are dissolved.

(2) The united Germany shall have accordingly full sovereignty over its internal and external affairs.

Article 8

(1) The present treaty is subject to ratification or acceptance as soon as possible. On the German side it will be ratified by the united Germany. The treaty will therefore apply to the united Germany.

(2) The instruments of ratification or acceptance shall be deposited with the government of the united Germany. That government shall inform the governments of the other contracting parties of the deposit of each instrument of ratification or acceptance.

Article 9

The present treaty shall enter into force for the united Germany, the French Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America on the date of deposit of the last instrument of ratification or acceptance by these states.

Article 10

The original of the present treaty, of which the English, French, German and Russian texts are equally authentic, shall be deposited with the government of the Federal Republic of Germany, which shall transmit certified true copies to the governments of the other contracting parties.

DOCUMENT 12

The Iraqi Invasion of Kuwait
United Nations Security Council Resolutions
666 and 667
13 and 16 September, 1990

Resolution 666 (1990)
Adopted by the Security Council at its 2939th meeting on 13 September 1990

The Security Council,

Recalling its resolution 661 (1990), paragraphs 3 (c) and 4 of which apply, except in humanitarian circumstances, to foodstuffs,

Recognizing that circumstances may arise in which it will be necessary for foodstuffs to be supplied to the civilian population in Iraq or Kuwait in order to relieve human suffering,

Noting that in this respect the Committee established under paragraph 6 of that resolution has received communications from several Member States,

Emphasizing that it is for the Security Council, alone or acting through the Committee, to determine whether humanitarian circumstances have arisen,

Deeply concerned that Iraq has failed to comply with its obligations under Security Council resolution 664 (1990) in respect of the safety and well-being of third State nationals, and reaffirming that Iraq retains full responsibility in this regard under international humanitarian law including, where applicable, the Fourth Geneva Convention,

Acting under Chapter VII of the Charter of the United Nations,

1. *Decides* that in order to make the necessary determination whether or not for the purposes of paragraph 3 (c) and paragraph 4 of resolution 661 (1990) humanitarian circumstances have arisen, the Committee shall keep the situation regarding foodstuffs in Iraq and Kuwait under constant review;

2. *Expects* Iraq to comply with its obligations under Security Council resolution 664 (1990) in respect of third State nationals and reaffirms that Iraq remains fully responsible for their safety and well-being in accordance with international humanitarian law including, where applicable, the Fourth Geneva Convention;

3. *Requests*, for the purposes of paragraphs 1 and 2 of this resolution, that the Secretary-General seek urgently, and on a continuing basis, information from relevant United Nations and other appropriate humanitarian agencies and all other

sources on the availability of food in Iraq and Kuwait, such information to be communicated by the Secretary-General to the Committee regularly;

4. *Requests further* that in seeking and supplying such information particular attention will be paid to such categories of persons who might suffer specially, such as children under 15 years of age, expectant mothers, maternity cases, the sick and the elderly;

5. *Decides* that if the Committee, after receiving the reports from the Secretary-General, determines that circumstances have arisen in which there is an urgent humanitarian need to supply foodstuffs to Iraq or Kuwait in order to relieve human suffering, it will report promptly to the Council its decision as to how such need should be met;

6. *Directs* the Committee that in formulating its decisions it should bear in mind that foodstuffs should be provided through the United Nations in co-operation with the International Committee of the Red Cross or other appropriate humanitarian agencies and distributed by them or under their supervision in order to ensure that they reach the intended beneficiaries;

7. *Requests* the Secretary-General to use his good offices to facilitate the delivery and distribution of foodstuffs to Kuwait and Iraq in accordance with the provisions of this and other relevant resolutions;

8. *Recalls* that resolution 661 (1990) does not apply to supplies intended strictly for medical purposes, but in this connection recommends that medical supplies should be exported under the strict supervision of the Government of the exporting State or by appropriate humanitarian agencies.

Vote: 13 yes; 2 no (Cuba, Yemen).

Resolution 667 (1990)

Adopted by the Security Council at its 2940th meeting, on 16 September 1990

The Security Council,

Reaffirming its resolutions 660 (1990), 661 (1990), 662 (1990), 664 (1990), 665 (1990) and 666 (1990),

Recalling the Vienna Conventions of 18 April 1961 on diplomatic relations and of 24 April 1963 on consular relations, to both of which Iraq is a party,

Considering that the decision of Iraq to order the closure of diplomatic and consular missions in Kuwait and to withdraw the immunity and privileges of these

missions and their personnel is contrary to the decisions of the Security Council, the international Conventions mentioned above and international law,

Deeply concerned that Iraq, notwithstanding the decisions of the Security Council and the provisions of the Conventions mentioned above, has committed acts of violence against diplomatic missions and their personnel in Kuwait,

Outraged at recent violations by Iraq of diplomatic premises in Kuwait and at the abduction of personnel enjoying diplomatic immunity and foreign nationals who were present in these premises,

Considering that the above actions by Iraq constitute aggressive acts and a flagrant violation of its international obligations which strike at the root of the conduct of international relations in accordance with the Charter of the United Nations,

Recalling that Iraq is fully responsible for any use of violence against foreign nationals or against any diplomatic or consular mission in Kuwait or its personnel,

Determined to ensure respect for its decisions and for Article 25 of the Charter of the United Nations,

Further considering that the grave nature of Iraq's actions, which constitute a new escalation of its violations of international law, obliges the Council not only to express its immediate reaction but also to consult urgently to take further concrete measures to ensure Iraq's compliance with the Council's resolutions,

Acting under Chapter VII of the Charter of the United Nations,

1. *Strongly condemns* aggressive acts perpetrated by Iraq against diplomatic premises and personnel in Kuwait, including the abduction of foreign nationals who were present in those premises;

2. *Demands* the immediate release of those foreign nationals as well as all nationals mentioned in resolution 664 (1990);

3. *Further demands* that Iraq immediately and fully comply with its international obligations under resolutions 660 (1990), 662 (1990) and 664 (1990) of the Security Council, the Vienna Conventions on diplomatic and consular relations and international law;

4. *Further demands* that Iraq immediately protect the safety and well-being of diplomatic and consular personnel and premises in Kuwait and in Iraq and take no action to hinder the diplomatic and consular missions in the performance of their functions, including access to their nationals and the protection of their persons and interests;

5. *Reminds* all States that they are obliged to observe strictly resolutions 661 (1990), 662 (1990), 664 (1990), 665 (1990) and 666 (1990);

6. *Decides* to consult urgently to take further concrete measures as soon as possible, under Chapter VII of the Charter, in response to Iraq's continued violation of the Charter, of resolutions of the Council and of international law.

Vote: 15 yes.

GLOSSARY

Association of South East Asian Nations	ASEAN
Chlorofluorocarbons	CFC
Co-ordinating Committee for Multilateral Export Controls	COCOM
Confidence- and Security-Building Measures	CSBM
Conference on Security and Co-operation in Europe	CSCE
European Bank for Reconstruction and Development	EBRD
European Community	EC
European Currency Unit	ECU
European Economic Community	EEC
European Free Trade Area	EFTA
Financial Action Task Force	FATA
General Agreement on Tariffs and Trade	GATT
German Democratic Republic	GDR
Gross National Product	GNP
International Atomic Energy Agency	IAEA
International Bank for Reconstruction and Development	IBRD
International Civil Aviation Organization	ICAO
International Development Association	IDA
International Monetary Fund	IMF
Commission of State Security (Soviet)	KGB
Missile Technology Control Régime	MTCR
North Atlantic Treaty Organization	NATO
Treaty on Non-Proliferation of Nuclear Weapons	NPT
Official Development Assistance	ODA
Organization for Economic Co-operation and Development	OECD
Strategic Arms Reduction Talks	START
United Nations	UN
United Nations Relief and Works Agency	UNRWA
United Nations Environment Programme	UNEP
Union of Soviet Socialist Republics	USSR
World Meteorological Organization	WMO

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